



## The rite stuff

Lyall Watson explains the profound link between sumo ritual and the tea ceremony and why this is the key to understanding Japan. Page 1  
Andrew Freeman and Dominic Lawson on the atavistic appeal of the west's favourite combat sport. Pages XI & XII



## The flight stuff

Hang-gliding at 63 - what it's like hurt yourself off a mountain under a piece of fabric. Page VIII

## Mutual suspicion

Barry Riley and Philip Coggan see dangers in tighter links between banks and life offices. Pages I & II

EUROPE'S BUSINESS NEWSPAPER

## FINANCIAL TIMES



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## WORLD NEWS

## Iraqi N-arms plans were 'aided by 10 companies'

About 10 companies from various countries secretly provided equipment and technical advice for Iraq's nuclear weapons programme, according to David Kay, head of the UN nuclear inspection team.

Mr Kay was speaking from a telephone outside Iraq's national atomic energy headquarters in Baghdad, where he and his team have been detained since Tuesday. Page 3

## Labour debating point

Britain's party conference season opens next week. With the prospect that Labour will launch a national debate on electoral reform. Page 22. Further blow to left expected. Page 4. Moment of truth for Kinnock. Page 6

## Yugoslav pull-out

Yugoslavia's federal army continued withdrawing from strategic military bases in Croatia, while the latest ceasefire seemed to be holding despite sporadic gunfire. Page 2

## Parents' charter

UK education secretary Kenneth Clarke launched a 'parents' charter' promising frequent, independent inspection of schools. Page 4

## Philippines fighting

Communist guerrillas virtually wiped out an army patrol in the northern Philippines, killing 22 soldiers. They were among 30 killed in a series of co-ordinated attacks only days after the rebels called off a unilateral ceasefire.

## French farmers mobilise

French farmers are set to take to the streets of Paris in their tens of thousands tomorrow to demand action on falling prices and growing imports from eastern Europe.

## Typhoon hits Japan

Typhoon Mireille hit western Japan, killing at least 17 people, injuring more than 300 and blocking out over 4m homes. Air, land and sea traffic was paralysed.

## Dalai Lama mobbed

The Dalai Lama, exiled god-king of Tibet, was greeted by 15,000 Buddhist followers when he arrived in Mongolia.

## London hospital crisis

The Royal Brompton National Heart and Lung Hospital in London warned it might have to cut services to avoid overspending its budget by up to £2m this year.

## Motorway crash kills 5

Five people died and six were injured when six vehicles collided in heavy rain on the M25 London orbital motorway.

## Sparkling prospect

This year's champagne promises to be another superb vintage, says leading producer Moët & Chandon. Picking has just started on what should be a third successive high-quality crop. Page 2

## Ryder Cup opens

Europe's attempt to retain golf's Ryder Cup got off to a shaky start at the Kiawah Island course, South Carolina, when the team lost three of the four opening matches against the US. Weekend FT, Page 31

## MARKETS

STERLING  
New York lunchtime: \$1.7395  
London: \$1.7375 (1.7328)  
DM£2.8125 (2.815)  
FFr8.925 (8.935)  
SF2.535 (2.54)  
Y31.75 (31.5)  
£ index 57.0 (56.9)  
GOLD  
New York: Comex Dec \$352.4 (354.1)  
London: \$348.65 (351.95)  
N SEA OIL (Argus)  
Brent Nov \$21.175 (+0.45)

## DOLLAR

New York lunchtime: DM1.8745  
FFr5.7045  
SF1.455  
Y133.3  
London: DM1.877 (1.8825)  
FFr5.7125 (5.7325)  
SF1.455 (1.465)  
Y133.5 (133.5)  
£ index 57.0 (56.9)  
Tokyo close: Y133.62

## US LUNCHTIME

RATES  
Fed Funds: 5 1/4 %  
3-mo Treasury Bill: 5.275 %  
Long Bond: 10 1/4 %  
Yield: 7.635 %

## STOCK INDICES

FT-SE 100: 2,599.0 (+3.4)  
FT Ordinary: 2,018.8 (+6.3)  
FT-A All-Share: 1,257.47 (same)  
New York lunchtime: DJ Ind. Av. 3,022.81 (+5.59)  
S&P 500: 248.05 (+1.44)  
987.93 (+1.44)  
Tokyo: Nikkei 23,999.47 (+1.39)

## LONDON MONEY

3-month Interbank: 10 1/4 % (10 1/4 %)  
Life long gilt future: Dec 96 (99 1/2)

## SELLING PRICE IN IRELAND 80p. IN MALTA 45c

## BUSINESS SUMMARY

## Runways at London City airport to be extended

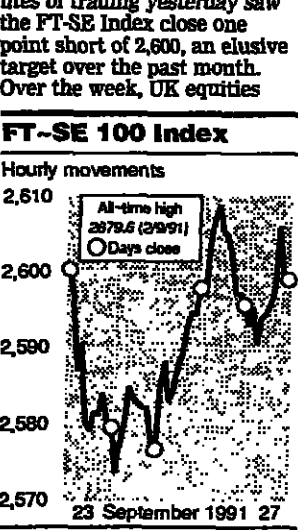
London's City airport will be able to service all Europe and aims to break even by 1994 or 1995 after winning approval to extend its runway for use by BAe 146 "whisper jets".

Approval, by Michael Heseltine, the environment secretary, for the controversial plan is a fillip for the hard-pressed airport in London Docklands. The airport has made an £11m operating loss since opening in October 1987. Extending the runway will cost £7m. Page 22

## UK EQUITIES: The final minutes of trading yesterday saw the FT-SE index close one point short of 2,600, an elusive target over the past month. Over the week, UK equities

## FT-SE 100 index

Hourly movements



have shed 13 points on the FT-SE scale as the big investment institutions have backed away from equities after poor company reports. London stocks. Page 13

## BANKING: Helmut Schlesinger, president of the Bundesbank, remains uncompromising on the need for a stable D-Mark and low inflation as the EC moves towards a common monetary policy. Page 2

## JAPAN: Economic indicators point to a further slowdown in economic growth and a steady easing in inflationary pressures. Page 3

## EUROPEAN COMMISSION

is believed to be considering a probe of plans by the Italian government to put more than \$3.0bn (£1.7bn) into Fiat SpA, Italy's leading carmaker and industrial giant. The cash would help Fiat build factories and research centres, creating up to 33,000 jobs in the south, rather than increasing output.

## UK AUDITS: Companies will be required to tell shareholders what they pay accountants for non-auditing services such as management consultancy.

UK ECONOMY: Companies' gross trading profits rose by 4.3 per cent in the second quarter. Page 5

BRENT WALKER, leisure group, put new terms to its bondholders in a last attempt to avoid liquidation. Bondholders were offered the chance to swap their bonds for a special form of debt security. Page 9

TAKARE, UK nursing home group, is seeking to raise £60.2m by issuing shares and debenture stock to fund a building programme. Page 8

OLIVETTI, Italian computers and office equipment group, reported £74.7bn (\$85.5m) first half pre-tax loss, after a £60.9bn profit in the same period in 1990. Page 10

SOLVAY, Belgian chemicals group, saw consolidated profits fall by 15 per cent in the first half, and warned that 1991 profits would not match last year's BFr15.9bn (£264m).

## Bush ready for further nuclear arms cuts

US PRESIDENT George Bush was last night poised to urge deep cuts in US-Soviet nuclear arsenals, including abandonment of plans to deploy the 10-warhead MX missile on rail cars.

The proposals, due to be unveiled in a nationwide televised address, mark the first sign that Mr Bush is prepared to make major changes in US defence strategy after the failed Kremlin coup.

Mr Bush faces growing pressure in Congress to cut the \$300bn (£172bn) annual US defence budget in response to the rapid decline in Soviet military threat.

His speech last night also appeared to be driven by uncertainty about the fate of more than 30,000 nuclear warheads in the Soviet Union and the disintegration of central authority there.

US allies were notified in advance of the US proposals in contrast to 1986 when President Reagan came close at Reykjavik to negotiating a 10-year phasing out of long-range nuclear missiles with President Mikhail Gorbachev.

The UK was last night expected to welcome Mr Bush's announcement as a potential turning point, but to emphasise that Britain's defence would continue to be based on adequate conventional and nuclear forces.

Mr John Major, the UK prime minister, who spoke by telephone to Mr Bush, is likely to give further details on Britain's reaction over the weekend and to call for an imaginative response from Mr Gorbachev.

Because Mr Bush appears to be keen on a step-by-step approach towards eventual elimination of multiple nuclear warheads, Britain's Trident submarine deterrent does not

appear to be in any immediate doubt.

Speaking hours before his Oval Office address, Mr Bush said that his proposals would have "major worldwide implications for world peace".

The proposed cuts would go beyond the 25 to 30 per cent reduction in long-range nuclear weapons agreed under the recent Start agreement.

The treaty is still to be submitted to the US Senate for approval. But Mr Bush's speech suggests that the administration has overcome its initial doubts and is determined to "lock-in" still further nuclear weapons reductions.

In the speech, Mr Bush was expected to drop plans to mount up to 50 MX intercontinental missiles on rail cars in the US, and to call on the Soviet Union to take its own SS-24 multi-warhead missiles off rail-cars.

Mr Bush was also reported yesterday to be ready to drop long-standing US opposition to naval arms control. The US enjoys a significant advantage in sea-launched cruise missiles, which are difficult to detect, but it may now be willing to discuss limits, according to the Washington Post.

Since the failure of the Kremlin coup against Mr Gorbachev, the US has accelerated its review of national security strategy in the post-Cold War era.

The Pentagon has already signalled its willingness to eliminate short-range nuclear missiles and nuclear artillery in Europe. This is due to be discussed by Nato allies in the next two months.

However, European allies, notably Britain, insist that the US maintain a "sub-strategic" nuclear capability to maintain a credible deterrent in defence of the Continent.



Hungry for change: Romanian miners share out food before joining a protest march

## Romanian miners stage fresh protests

By Judy Dempsey in Vienna

ROMANIAN MINERS clashed with security forces on the streets of Bucharest last night, demanding the resignation of President Ion Iliescu, a freeze on price rises and higher wages.

The latest round of disturbances came only hours after negotiations between miners' leaders and Mr Iliescu, whose political future appears to be in the hands of the miners.

The 5,000-strong crowd, many of them local workers organised by trade unions, shouted "assassins" and chanted anti-communist slogans. They repeatedly regrouped to confront the police.

Earlier, Mr Miron Cosma, the miners' leader, emerged after talks with Mr Iliescu saying that the Romanian president had fulfilled all the miners' demands, including an end to austerity measures.

Some of the protesters boarded trains to leave the capital but several thousand remained, demanding Mr Iliescu's resignation.

In an apparent attempt to regain the initiative, Mr Cosma continued on Page 22

Running for cover, Page 2

## Book price war looms in Britain

By Raymond Snoddy

A PRICE war in the British book business seemed inevitable last night as Mr Terry Maher's Dillons bookstore chain cut 25 per cent off the price of 90 titles including half the Booker Prize list. Publishers immediately responded by taking legal action.

The discounted books that were on sale in Dillons branches all over the UK yesterday included Time's Arrow by Martin Amis, Edward Shereard's The Future Belongs

to Freedom and Alex Comfort's New Joy of Sex.

The Dillons discounting campaign, backed by television advertising, is the biggest challenge mounted by Mr Maher against the net book agreement (NBA), the voluntary agreement between publishers which sets minimum prices for most books.

Last night the High Court granted an interim injunction banning Dillons from discounting four books on the list published under the NBA. These include two Booker titles - the Amis novel and Such a Long Journey by Robinson.

The Terry Maher strategy put immediate pressure on rival booksellers chains such as Waterstones, which is owned by W.H. Smith. Mr Tim Waterstone, who runs Waterstones, said yesterday he still believed in the NBA.

Continued on Page 22

Collins court case, Page 4

## Looters in Zaire thank Mobutu for the party

By Julian Ozanne in Kinshasa

THE IMPOVERISHED people of Kinshasa in Zaire pillaged their city this week with an enthusiasm symbolised by the slogan on the front of the gutted General Motors showroom: *Merci pour la fête*, it reads - thank you for the party.

Zairean policemen and soldiers in stolen Ray-Ban sunglasses watch idly from street corners, unable or unwilling to stop the relentless wreckage.

Little remains of the commercial centre of Kinshasa. Only the big banks and a few offices protected by French and Belgian soldiers are unscathed.

Thick coats of oil cover the road into the industrial areas of the capital. Skeletons of cars lie strewn by the roadside and across the railway tracks, stripped of wheels, seats, engines and instruments.

Almost every factory has been smashed to pieces, their gates torn down, and papers and the wreckage of typewriters and photocopying machines strewn in the factory courtyards.

"What they couldn't steal they tried to pick to pieces, they tried to pick to pieces, they vandalised and trashed," said Mr Robert Moore, manager of a British-owned factory producing sewing thread.

Mr Moore, who lost everything except the clothes he was wearing in the looting on Monday night, was standing outside his factory, which had been stripped of all the stock, machinery, furniture, and electrical fittings.

At his house plants lay thrown on the floors. Looters had taken away even the pots. A pile of rubble was all that was left of a modern bathroom, after the drunken mob carried away his bath, toilet and basin.

"I don't know any European who hasn't lost something or everything," said Mr Moore. "People were still carrying things when French commandos were firing over their heads. They were like ants."

Some have suffered more

than loss of their property. Col A. De Smet, the commander of the Belgian paratroopers who along with their French counterparts intervened this week, confirmed that two European women, a Dane and an Italian, had been raped by mutinous soldiers in the first 24 hours of the eruption of violence.

French doctors in the capital estimate that, after four days of violent rioting, at least a hundred people have died and more than a hundred have been wounded.

Europeans and other foreigners, assisted by the paratroopers, continued pouring out of Kinshasa yesterday. Several hundred, carrying small suitcases, huddled behind iron gratings at the pier, waiting for the ferry to take them across the Zaire river to the neighbouring Congolese capital Brazzaville.

Mothers cradled their babies in their arms and many people tried to take their cats and dogs with them.

Continued on Page 22

## BLUE CHIP

The recent recession has exposed the weaknesses of many of the high flyers of the 1980s. But certain companies have continued to prosper. Companies with the resources, capital, spread of business and, above all strength and depth of management to weather the bad times and prosper in the good.

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## INTERNATIONAL NEWS

## Iraq given N-weapons equipment and advice 'by 10 companies'

By Bronwen Maddox and Our Middle East Staff

ABOUT 10 companies from various countries recently supplied Iraq with equipment and technical advice for its nuclear weapons programme, Mr David Kay, head of the United Nations nuclear inspection team, said yesterday.

Speaking from his carphone outside the national atomic energy headquarters in Baghdad, where he and his team have been detained by Iraqi officials since Tuesday, he said he and his colleagues were ejected from the building as they began examining financial records.

Mr Kay said he had read only small parts of the files and photocopies, mainly in Arabic, that the team were holding in the building as they began examining financial records.

advice "across most of the programme". He declined to identify Iraq's suppliers and advisers for the time being.

He said: "You can only understand the scale of the Iraqi programme if you realise that normal financial constraints just didn't apply."

Iraqi sites to enrich uranium to weapon concentrations "have AI quality fittings, and unbelievable parallel and multiple facilities", he said. "They are brand new and way better than most US and western sites - after all those were built after the second world war."

Two parallel methods of uranium enrichment, by centrifuges and chemical extraction, could not alone have yielded weapons-grade uranium, but could have fed partly enriched

uranium to electromagnetic separation facilities, a third method.

Iraq had made even more progress than he thought on design of nuclear weapons, including the complicated, shaped detonator charges.

Once steady production of enriched uranium had been achieved, weapons design would not have been an obstacle, he said.

The huge amounts of electricity needed to drive the uranium enrichment equipment were easily available.

He stood by his conclusion that Iraq could have had enough weapons-grade uranium for a bomb within 18 months.

The UN Security Council and Iraq have reached an agreement in principle that the

team will be released once the Iraqis receive a full inventory of the documents to be taken away, but by late yesterday there were no signs in Baghdad that the four-day-old deadlock was about to end.

Another dispute over helicopter flights by UN inspectors remained unresolved. Having earlier agreed to unrestricted flights, the Iraqi authorities have now requested a meeting in Baghdad with Mr Rolf Ekeus, who heads the UN commission charged with destroying Iraq's unconventional weapons.

The confrontation between Iraq and the UN Security Council could delay the departure for Baghdad of a UN team investigating Iraqi ballistic missiles, UN officials in Bahrain said yesterday.



Two women, one French and the other from Zaire, prepare to sail for Brazzaville after saying a tearful au revoir to the husbands they must leave behind in riot-torn Kinshasa

## Japanese economy slows further

By Emiko Terazono in Tokyo

ECONOMIC indicators announced yesterday pointed to a further slowdown in Japan's economic growth and a steady easing in inflationary pressures.

Industrial production in August posted a year-on-year rise of just 0.5 per cent. On a month-on-month basis output declined 2.1 per cent, considerably more sharply than the official forecast of a month-on-month 0.3 per cent fall.

The Ministry of International Trade and Industry (MITI) said that precision instruments and plastic products were the only sectors in which production rose. Shipments for the month fell 1.1 per cent from July.

An unexpectedly sharp 9.9 per cent year-on-year rise in inventories prompted a MITI official to comment that the ministry was watching the figures "with concern". The inventory index rose 1 per cent from the previous month to 119, while the inventory-sales index ratio gained 2.3 per cent to 101.4.

Consumer prices published by the Economic Planning Agency (EPA) yesterday were also significantly lower than expected, rising 2.8 per cent year-on-year in September for the Tokyo metropolitan area, the first time in 12 months that the rise was below 3 per cent.

The agency said that declines in fresh vegetable and fruit prices had caused the slowdown, for prices excluding perishable products, rose 3.0 per cent from a year ago. The nationwide consumer price index rose 3.3 per cent year-on-year and 0.2 per cent from the previous month.

The EPA announced at the beginning of the week that the economy had achieved the longest spell of post-war growth, and that there was no reversal in sight. Mr Russell Jones at stockbrokers UBS Phillips & Drew said that yesterday's releases suggested that the real economy was not as robust as the authorities perceived.

## Moderate Arafat praises Bush stand

By Laila Andoni in Algiers and Hugh Carnegie in Jerusalem

MR Yassir Arafat, leader of the Palestine Liberation Organisation, yesterday praised President George Bush in a further attempt to persuade his fellow Palestinians to accept a US-sponsored Middle East peace conference.

At a session of the Palestine National Council - the PLO parliament-in-exile meeting in Algiers - Mr Arafat called Mr Bush "courageous" for making encouraging remarks about Palestinian political rights during a meeting with King Hassan of Morocco in Washington.

Mr Arafat was attempting to undermine hardline arguments that the PLO will compromise Palestinian rights by authorising Palestinian participation in the peace process.

The PLO hopes that by drawing closer to US terms for a peace conference it will persuade Washington to resume the dialogue severed after an aborted seaborne raid on Israel by the radical Palestine Liberation Front in May 1980.

In another signal aimed at meeting US conditions, Palestinian officials said Mr Mohammed Abbas, the PLO

leader better known as Abul Abbas, will be removed from the PLO executive committee and replaced by another member of his group.

Two senior Palestinian leaders from the Israeli-occupied territories meanwhile strongly denied that they had attended the PNC meeting, a move which Israel said could result in their prosecution for breaking anti-terrorist laws.

The issue threatened to disrupt US preparations for a peace conference as the two - Mr Faisal Husseini and Mrs Hanan Ashrawi - have been the chief Palestinian negotiators with Mr James Baker, the US secretary of state.

The issue has taken on significance as a test of the Palestinian demand that they choose their representatives to a peace conference unfettered. Soviet President Mikhail Gorbachev said yesterday he still hoped a Middle East peace conference could start in October and President Hosni Mubarak of Egypt said the proposed Arab-Israeli talks could last two years. Reuter reports from Moscow.

## Vietnam near boat people deal

By Angus Foster in Hong Kong

BRITISH and Hong Kong officials indicated yesterday that Vietnam is moving towards accepting the forced return of boat people camped in Hong Kong and other South East Asian countries.

Vietnam has shied away from accepting forced returns since Hong Kong sent back 51 boat people against their will in 1989, leading to fierce international criticism, especially from the US.

However Britain now believes Vietnam is increasingly embarrassed by the numbers of boat people camped in the region and is frustrated at its slow progress re-establish-

ing formal links with the US.

The development follows four days of talks between Britain, Hong Kong and Vietnam in Hanoi. In a carefully worded joint communiqué, the governments spoke of "alternative methods" to speed up the return of boat people and said: "There was agreement in principle on the need to implement measures to achieve an accelerated rate of return."

Although similar commitments have been made in the past, British and Hong Kong officials believe they are close to a breakthrough.

Hong Kong has witnessed an unusually high rate of arrivals

this month, with more than 1,100 boat people reaching the colony in the last week. Most have been classified as economic migrants, who do not qualify for repatriation to third countries, rather than genuine refugees.

The European Community yesterday announced details of a package designed to convince boat people classified as economic migrants to return home and to stop further departures from Vietnam.

The package, which will cost \$15m (\$3.6m) in the first six months, provides loans and vocational training to returnees and those in Vietnam.

## HK lawyers concerned at proposal for appeal court

By Angus Foster

HONG Kong's legal community yesterday expressed concern about the colony's proposed Court of Final Appeal, which Britain and China agreed upon in London on Thursday. The Court is being set up to replace the Privy Council, the present final appeal court, ahead of Hong Kong's 1997 return to China.

Senior Hong Kong lawyers said the agreement, which allows for a maximum of only one of the five appeal judges to come from overseas, raised questions about the quality and stature of the court. There

are also concerns that China is trying to gain influence over all appointments.

Mr Simon Ip, newly elected representative of the legal profession in the Legislative Council, said Hong Kong needed the option to appoint more overseas judges, especially in the court's early stages, because too few judges in the colony were adequately qualified.

Mr Anthony Rodgers, chairman of the Hong Kong Bar Association, said the agreement also departed from the 1984 Sino-British Joint Declaration on Hong Kong's return.

## Approval likely for judge despite split in committee

By George Graham in Washington

JUDGE Clarence Thomas, President George Bush's nominee for the vacant seat on the US Supreme Court, yesterday failed to win endorsement from the Senate Judiciary committee, but his appointment is still expected to be approved by the full Senate.

At the beginning of his confirmation hearings three weeks ago, Mr Thomas was expected

to win a narrow recommendation from the committee, but he had a rougher ride than had at first appeared likely, and the panel eventually split 7-7 on his appointment.

Civil rights advocates found it hard, as Mr Thomas's backers predicted, to attack a black nominee to the court, and he successfully stonewalled all efforts to elicit his views on

abortion - probably the most divisive issue likely to come before the Supreme Court in the near future.

But in attempting to play down the significance of his past controversial speeches and writings, Mr Thomas sometimes gave the impression of someone who was willing to say whatever he thought his audience wanted to hear.

"Judge Thomas jettisoned one public statement after another like a captain trying to keep his ship afloat," complained Senator Patrick Leahy, one of the Democrats who opposed the nomination.

Nevertheless, Mr Thomas won the vote of one Democrat on the committee, Senator Dennis DeConcini of Arizona, along with those of the six

Republican members. In the full Senate, he is expected to win enough votes from conservative southern Democrats to ensure confirmation.

Mr Thomas would, if confirmed, reinforce the conservative majority on the nine-member Supreme Court, although his friends have cautioned that his votes on specific issues may prove unpredictable.

"You can't always find a payphone when you need one, and they don't always work."

MR J. WADSWORTH



"What I hate is them not turning up when they said they would."

MR J. WADSWORTH



"I can never understand the charges on the phone bill."

MR J. WADSWORTH



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UK NEWS

# Company reporting of auditing fees to be tightened

COMPANIES WILL be required to tell shareholders how much they pay their accountants for non-auditing services such as management consultancy, under new government regulations announced yesterday.

The regulations - introduced by Mr John Redwood, corporate affairs minister - are aimed at offering shareholders insight into the independence of auditors.

The collapse of several companies that had recently been given a clean

bill of health by auditors shortly before they ran into trouble has set alarm bells ringing with institutional shareholders, who wonder whether they can trust audit statements.

The government hopes the new rules will complement the regulatory system for auditors introduced in Part II of the Companies Act of 1989. Companies are already required to disclose how much they pay in audit fees.

The disclosure of non-auditing fees

has been sought by shareholder groups, including the National Association of Pension Funds (NAPF), which last month asked the Accounting Standards Board to adopt a similar rule.

Mr Angus Matheson, vice chairman of the NAPF's investment committee and managing director of Bothwell Asset Management, said: "This clarifies the relationship between the accounting firm and the company."

He explained that accountancy

firms that become dependent upon the huge fees they earn for consultancy services provided to their auditing clients may not wish to disclose that relationship by disclosing adverse information in company accounts.

Shareholders who become concerned about the relationship could then insist that another auditing firm be selected.

The NAPF, whose members include some of Britain's largest institutional shareholders, is urging

that companies disclose far more information in their accounts than is at present the practice.

The Institute of Chartered Accountants in England and Wales said it believed the new rules were unnecessary. Mr Giles Wintle, chairman of the institute's company law committee, said: "It is one more piece of information that is not particularly useful."

He said that merely disclosing company payments to auditing firms would not give shareholders suffi-

cient insight into how dependent the company's business was to the auditor's overall profits.

The new rules apply to financial years beginning after October 1 1991. They will not apply to small or mid-sized companies, defined as those with annual turnover of less than £2m, a balance sheet of less than £2.9m and fewer than 250 employees.

In formulating the new rules, the DTI rejected a plan to bar companies from buying consultancy or other services from their auditors.

## Charter airline ceases operation

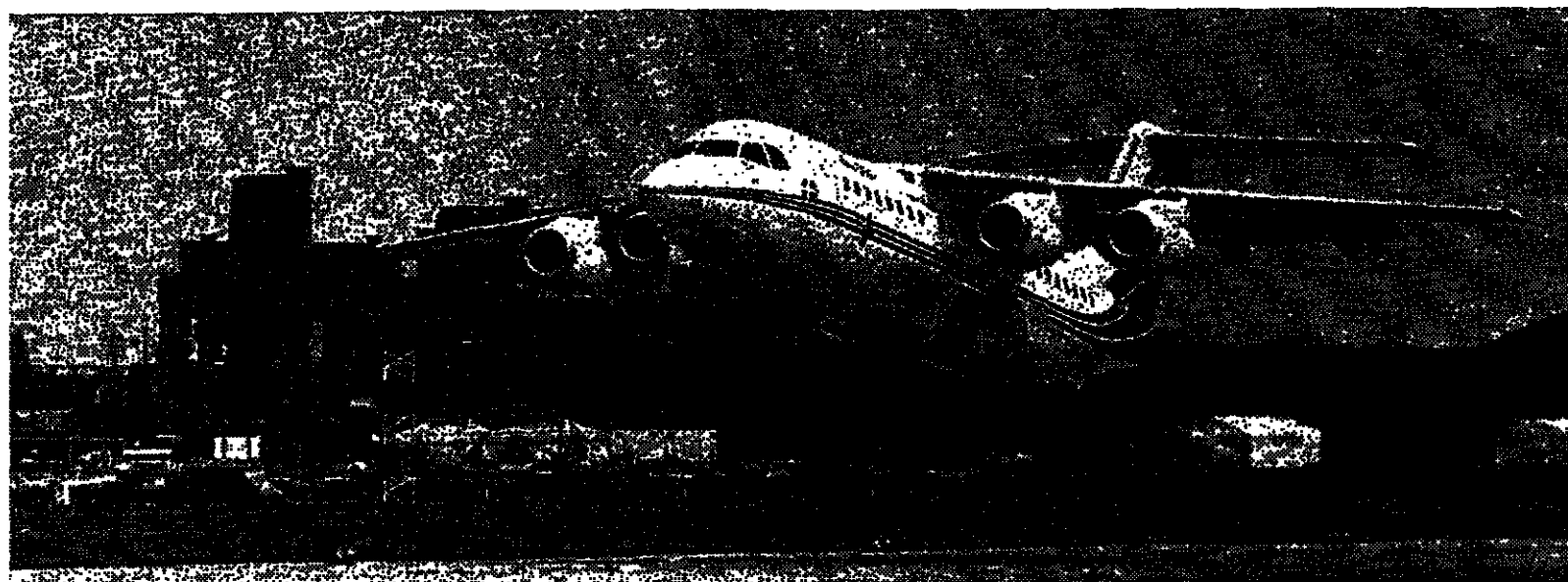
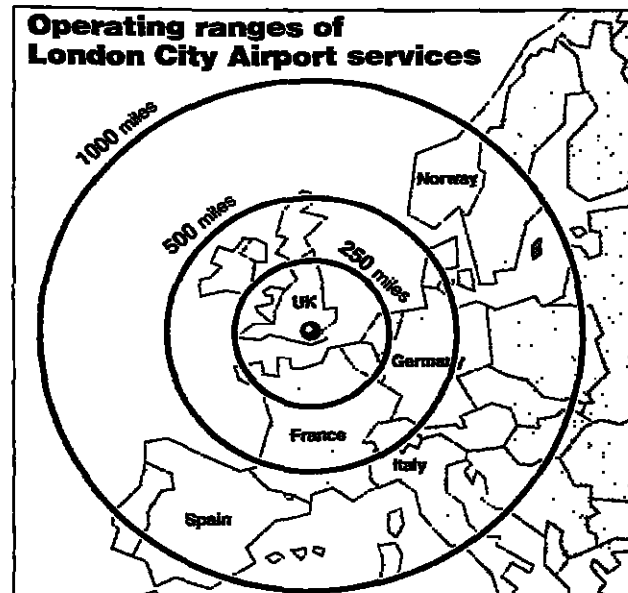
TRANS European Airways (TEA) UK, a charter airline, ceased trading yesterday after one of its aircraft was impounded at Manchester.

The airport authority impounded the Boeing 737 jet outbound for the Greek island of Paphos because of non-payment of landing fees.

The airline operates a fleet of five Boeing 737s and employs about 250 staff. It is a subsidiary of the Belgian airline TEA, which itself is under financial pressure and is operating under Belgian legal procedures to protect it from creditors.

TEA UK was in discussion with another airline interested in taking over the charter carrier. The airline confirmed that it was negotiating with an investor but it had been forced to cease trading because of the decision of the Manchester airport authorities to detain one of its aircraft.

TEA UK operated from Manchester, Gatwick and East Midlands airports. The Belgian TEA airline continues to operate daily scheduled services from Gatwick to Brussels.



Widening horizons: the airport's effective 250-300-mile range will expand to about 1,000 miles when the BAe146 (pictured) is able to come into operation

## Suddenly things are taking off at London City airport

Paul Betts on how the go-ahead to extend the runway by 20 per cent has made all the difference to business prospects

LONDON City Airport was finally cleared for takeoff yesterday.

The decision of Mr Michael Heseltine, the environment secretary, to allow the Docklands airport to extend its runway by almost 20 per cent to 1,199 metres has lifted the fog surrounding the airport by making it accessible to jet aircraft.

The £35m airport, opened in grand style by the Queen four years ago, has been struggling to make ends meet because of its runway restrictions. Mowlem, the construction group headed by Sir Philip Beck that owns 90 per cent of the airport, was forced to make a £33m provision against the loss-making airport in its 1989 accounts. Airlines were reluctant to commit themselves because of doubts over the airport's future.

But Mowlem and Mr William Charnock, the airport's managing director, never lost hope. Yesterday they said they were

relieved by Mr Heseltine's decision which would enable London City airport to become "the first airport dedicated to European business travel from 1992".

The runway extension approval will also provide British Aerospace with a badly needed boost for its BAe 146 regional aircraft. The four-engine BAe 146 jet was especially developed to operate on small runways. It is also a very quiet aircraft that can operate at airports with stringent noise restrictions.

Apart from the BAe 146, the runway extension will enable a range of new, longer-range turboprop aircraft to operate from the airport. They will include the Fokker 50, the Franco-Italian ATR42, the Saab 340B and the Canadian de Havilland Dash 8.

Until now, the airport's short runway has restricted operations to the de Havilland Dash 7, production of which has been halted, and the Ger-

man Dornier 328. That meant the airport could serve only a limited number of destinations close to London including Paris, Amsterdam and Brussels.

The airport will now be able to extend its network in Europe to serve business destinations such as Zurich, Berlin, Milan, Vienna, Madrid, Oslo or Rome with BAe 146 jet services. Mr Charnock explained: "Up until now we have been

restricted to an effective operating range within a 250-mile radius."

London City airport was conceived from the start as a business airport. Its proximity to the heart of the City of London (six miles away) has been one of its selling points. It also has an attractive and roomy terminal building with no queues and no queues and a check-in time for all departures of 10 minutes, the fastest in Europe

has a salary of £75,000.

There were suggestions that the resignation of such a senior manager would fuel speculation that London Transport might soon be dissolved as a corporate body, but LT insisted that there was nothing political about Mr Beasley's departure.

It is understood that Mr Beasley's doctors advised him to resign immediately on health grounds, but he

decided to stay on to complete various tasks.

There has been considerable criticism of the Docklands Light Railway in recent months over a poor reliability record, and Mr Beasley wishes to stay to see improvements put into practice.

The DLR, opened in 1987 at a cost of £77m, is Canary Wharf's main transport link with the rest of London.

uses from the City, road and rail access has so far been a handicap. That is expected to improve as road and rail links, including the Docklands Light Railway and the Jubilee line are completed. The airport is also served by a Riverbus every 20 minutes.

The number of airlines operating from the airport is expected to increase. Many carriers had been waiting in the wings for the government's decision on the £7m extension before committing themselves to the airport. A few months ago a senior executive of a large European airline commented: "London City is an interesting concept but it can only work if it can serve the major European business centres." Other airline officials have argued that the airport will also have to serve US destinations to generate more traffic. That could include domestic services to Manchester, Glasgow and Edinburgh.

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## Further blow to Labour left expected

By David Owen

SENIOR LABOUR figures are forecasting a further blow to the left wing in tomorrow's ballot at the party's annual conference to decide the make-up of the National Executive Committee.

Mr Tony Benn's seat on Labour's ruling body, held for 30 years, is among those thought to be in jeopardy, chiefly because of procedural changes that are widely expected to disadvantage leftwing candidates.

The loss of Mr Benn would not signal a fundamental shift in the stance of the 26-strong NEC, which is solidly behind the policy reforms of Mr Neil Kinnock, the party leader.

Nevertheless, it would be another blow to the Labour

left, which has lost ground steadily over recent years. In 1989 Mr Ken Livingstone, MP for Brent East, lost his NEC seat.

At present only three other NEC members regularly side with Mr Benn in opposing Mr Kinnock's will: Mr Dennis Skinner, MP for Bolsover; Mr Bill Connor, of Ushaw, the shop workers' union; and Ms Barbara Switzer of the MSF general technical union.

The prime beneficiary of the changes is likely to be Mr Gerald Kaufman, the shadow foreign secretary, who last year fell 67,000 votes short of securing an NEC seat.

This year for the first time, conference delegates are bound to cast their votes for the

seven NEC members in accordance with the results of a ballot of constituency party members. It is widely assumed that that will militate against perceived extremists and in favour of the Kinnock mainstream.

The new procedure is also thought to have increased the vulnerability of soft-left MP Ms Jo Richardson, the shadow cabinet's official voice on women's issues. She finished immediately behind Mr Benn in sixth place in last year's poll.

Mr Bryan Gould, the shadow environment secretary, was seventh last time, but may find his position strengthened by the changes.

The four remaining NEC

members chosen by the constituency parties are Mr David Blunkett, MP for Sheffield Brightside; Mr Robin Cook, shadow health secretary; Mr Skinner; and Mr John Prescott, shadow transport secretary.

Mr Benn this week criticised the new system, saying that in his own constituency party of Chesterfield it had reduced the number of members participating in the decision and increased costs.

His further aspect is that one of the NEC candidates is Mr Dave Nellist, the hard-left MP for Coventry, who was suspended from the party and disbanded from holding office earlier this week. It is uncertain how any votes for him will be treated.

## Scots poll tax take at new low

LEVELS of poll tax collection in Scotland have reached a new low, according to unpublished figures from the Convention of Scottish Local Authorities.

The CoSLA figures show that by the end of August only 23 per cent of budgeted poll tax income for the year had been collected.

CoSLA also says uncollected poll tax for the first two years of the system is £265m and that 2.5m summary warrants for non-payment have been issued. In total 3.7m people are liable to pay the poll tax.

## Threat to health pay body angers workers

By Ralph Atkins and Lisa Wood

HEALTH workers' leaders and the Labour party responded angrily yesterday to the disclosure that civil servants have drawn up plans for abolishing National Health Service pay review bodies by April 1994.

The government did not deny that a meeting of senior Whitehall officials had discussed the abolition of pay review bodies for nurses to the local level, which would end national pay rates. The Department of Health said: "At the end of the day, ministers decide."

Although Mr William Waldegrave, health secretary, has in the past given assurances that the pay review bodies were safe, a commitment to devolving pay and conditions would undermine the role of pay review bodies - even if they were formally abolished.

Mr Robin Cook, Labour's health spokesman, said: "For all Mr Waldegrave's protestations about pay review bodies being safe in his hands, he has obviously instructed his officials to work out plans to effectively abolish them."

The document, reported in the Financial Times yesterday, shows a discussion on accelerating the boards' phasing-out

by regional personnel directors led by Mr Eric Caines and Mr Peter Johnson, both members of the NHS management board.

It is widely accepted that as health service reforms accelerate, pay review bodies will become irrelevant with newly-created NHS trusts setting their own terms and conditions. Ministers, however, may decide that formal abolition of review bodies would be too politically damaging.

Mr Jerry Hayes, Conservative member of the Commons health select committee, said: "It is dangerous nonsense to suggest that the government intends to abolish pay review bodies. Quite simply they enhance the professional status of bodies such as the Royal College of Nursing and are a politically acceptable way of giving them a fair crack of the whip for pay deals."

Mr Malcolm Wing, national secretary of Naps, the public service union, whose members include nurses, said yesterday: "Nurses are fed up with the uncertainty about their pay review bodies and the latest revelations add to their anger."

He added: "Mr Waldegrave has to clear the air - he has to back Eric Caines or sack him."

## Readers misled over authorship

READERS WERE misled over the authorship of two stories invented by Alistair MacLean but written by another author after his death, a court ruled in a legal test case yesterday.

Publisher HarperCollins was fined \$5,350 when 24,151 copies after being found guilty of five offences under the Trade Descriptions Act.

Magistrates in Stratford-on-Avon took four hours, after a three-day trial, to decide that the covers of the books Death Train and Night Watch did not make clear who had written them.

Warwickshire consumer officials said the publisher, formerly William Collins, breached trading standards by giving the award-winning novelist greater prominence than his ghost writer, Alistair MacLean.

## Polar vessel to be delivered today

THE JAMES CLARK ROSS, a 37m polar region scientific research ship designed to operate at temperatures as low as minus 40 degrees Celsius and to cut through pack ice almost 1 metre thick, will be delivered today by Tyneside shipbuilder Swan Hunter.

Built for the British Antarctic Survey, part of the Natural Environment Research Council, she sails for the Antarctic in late October after final trials in the North Atlantic.

## Hattersley plans crime statement

By Alison Smith

LABOUR is to capitalise on its recent private polling showing it just ahead of the Tories as the party most able to deal with crime, with a party conference policy statement on crime and policing.

The opposition admits that its lead is very slight, but it is delighted that for the first time it is ahead on an issue where the Tories traditionally score more highly.

The poll evidence, discussed at Wednesday's meeting of the National Executive Committee (NEC), the party's ruling body, comes against a background of inner-city rioting earlier this month and figures showing a record 18 per cent increase in levels of recorded crime in the year to June 1991.

Mr Roy Hattersley, shadow home secretary, persuaded the NEC that the issue of crime would be lost if it were contained in Wednesday morning's debate on constitutional reform, which will be dominated by discussion of proportional representation. The NEC's decision has caused some friction with the conference arrangements committee, but the most likely time for the statement is Wednesday afternoon or Friday morning.

Mr Hattersley is expected to confirm that a Labour government would double the number of police officers and civilian

staff to grow to the levels already agreed with the Home Office. He will, however, also emphasise the need for good police management of resources. The present shortfall is about 700 officers and 400 civilians.

Labour attributes its better showing partly to public concern that police forces have suffered from local government finance settlements and capping arrangements. The party has also worked hard to lose the "anti-police" image associated with a few local authorities, and has tried to foster co-operation between police and councils.

## Clarke to step up school inspections

By Alison Smith

A PROGRAMME of frequent, independent inspections of schools was promised yesterday by Mr Kenneth Clarke, the education secretary, as he published a "parent's charter" for schools.

Setting out his view of parental rights to information about their children's schools, Mr Clarke said there would be inspections every four years.

HM Inspectorate (HMI) will be put on a statutory basis and given the task of authorising independent teams of inspectors to carry out the 6,000 inspections each year. Every four years, school governors will choose an authorised team to inspect their school.

The money for the inspections, estimated at about £70m a year, will be diverted from the £135m at present given to local authorities for their inspection and advice functions. HMI itself will be cut from 480 staff to 175.

A method for getting the money directly to schools has not yet been devised. The cost of each inspection is expected to vary from about £5,000 to more than £30,000.

Inspection teams will have to include a member from outside the educational establishment. Mr Clarke suggested a businessman, or a "sensible and intelligent parent" with management experience.

Mr Clarke rejected claims that with governors paying for inspections, the inspectors would be likely to be less rigorous. He emphasised the power of HMI to withdraw approval if it became dissatisfied with inspection standards.

Mr Clarke also made clear that the "league tables" of results, which will be published for all schools - including those in the private sector - would cover not just examination results but truancy levels and where pupils went after leaving school.

Mr Jack Straw, shadow education secretary, warned that the government's plans - which are a fuller version of parental rights promised in the Citizen's Charter - would mean that "failing schools may be locked into a cycle of decline."

The main teaching unions gave the parent's charter a uniformly sceptical reception, pointing out that information from inspections and league tables would not compensate for rising class sizes and insufficient resources for books and buildings.

The National Association of Head Teachers warned that the cost of inspecting every school every four years would be heavy and that there was a danger of an "over-inspected education system."

## Patten sets test for Kinnock

MR CHRIS PATTEN, Tory peer chairman, yesterday set a tongue-in-cheek test to establish the fitness of Mr Neil Kinnock, the Labour leader, to become prime minister.

To qualify the Labour leader would have to:

- Drop clause four of Labour's constitution, which commits the party to wholesale nationalisation.
- Change policy on Northern Ireland by withdrawing plans to repeal the prevention of terrorism act and the emergency provisions act.
- Abandon minimum wage legislation.
- Set out clearly Labour's conventional and nuclear defence policies.
- Clear up Labour's "spending muddle" either by dropping pledges or admitting that taxes would rise.
- Drop the proposed "extra 9 per cent tax" on savings.
- Come clean on spending on the National Health Service.
- Drop the threat to city technology colleges, grant maintained schools and the assisted places scheme.
- Drop plans to rationalise BT, water and the national electricity grid.
- Drop the singing of the Red Flag at the annual conference.

## Moscow visit

MR MICHAEL Howard, employment secretary, is to visit St Petersburg and Moscow next week to offer advice and training on small-business development.

## Peace breaks out at IEA

By Peter Norman and Alison Smith

PEACE HAS broken out at the Institute of Economic Affairs, the free-market think tank that has been riven with discord in recent months.

A statement yesterday said that the annual meeting of the institute had confirmed Mr Graham Mather as general director and had appointed Lord Harris of High Cross and Mr Arthur Selson, the IEA's founder president, as honorary trustees, in which capacity they will be able to advise the organisation's management.

Last month, criticism of the direction in which Mr Mather was said to have been taking the IEA, which was particularly influential during Mrs Thatcher's administration, culminated in Mr Selson's withdrawal. There were charges that the institute was becoming

too closely linked with the Conservative party and too closely involved in day-to-day politics.

There has also been controversy among the membership about issues relating to the UK exchange rate. That was highlighted in a letter early this year from Professor Patrick Minford and others, pressing for cuts in interest rates even at the expense of the UK's ERM commitment.

Two new management trustees have been appointed - Professor Michael Beasley, chairman of the Institute of Public Sector Management, and Mrs Linda Whetstone, an economist and the daughter of the late Sir Anthony Fisher, the IEA's founder.

The IEA's advisory council has also been strengthened by the addition of seven economists from academia and the City.

Mr Mather said yesterday that everyone was "very happy" that the trustees had found a way of bringing everyone back together again, and that the new arrangements constituted a "sustainable and solid basis for the future."

The Charity Commissioners are investigating the IEA's charitable status after a conclusion that two papers in particular, written by the institute, suggested the institution was engaging in partisan political activity.

Charity Commission officials met four of the trustees earlier this month, but are unable to say when they expect their investigation to be concluded.



## UK NEWS

## THE GUINNESS TRIALS

## Court told of share support negotiations

By Raymond Hughes, Law Courts Correspondent

LORD SPENS, former corporate finance director at the Henry Ansbacher merchant bank, continued to help an unlawful Guinness share support operation during the 1986 takeover battle for Distillers after being told by his superiors it was not Ansbacher's policy to support Guinness, it was alleged yesterday.

The allegation was made on the second day of the trial in which Lord Spens and Mr Roger Seelig, former director of corporate finance at Morgan Grenfell - Guinness's principal merchant banker - were taken to deny criminal involvement in the support operation.

They are jointly charged with conspiring to contravene the 1988 Prevention of Fraud (Investments) Act by conspiring to induce Distillers shareholders to exchange their holdings for Guinness shares.

Mr Seelig alone faces another charge under the same act, and two false accounting charges. Lord Spens faces one false accounting charge.

Miss Elizabeth Gloster QC, prosecuting, said that on April 3 1986, at Mr Seelig's request, Lord Spens bought 100,000 Guinness shares in the name of Down Nominees, an Ansbacher nominee company.

The following day he told Mr Richard Fenhalls, Ansbacher chairman, and Mr Roger Cort, head of its corporate finance division, that Mr Seelig had asked him to buy Guinness shares against an indemnity against loss.

Mr Fenhalls and Mr Cort told him it was not Ansbacher policy to support Guinness, and Ansbacher should not purchase Guinness shares. Lord

Spens therefore sold the 100,000 shares.

Miss Gloster alleged: "Notwithstanding the instruction from his chairman that Ansbacher was not to be involved in any Guinness share support operation, Lord Spens and Mr Seelig continued their discussions as to the possibility of clients of Ansbacher, as opposed to Ansbacher itself, purchasing Guinness shares."

Lord Spens insisted that such transactions must not expose Ansbacher or its clients to any financial risk. Mr Seelig continued that they would be indemnified up to £10m.

Miss Gloster said that, at Lord Spens's request, two Ansbacher clients, Dr Mohamed Marwan, an Egyptian businessman, and TWH Investment Co between them bought 2,150,000 Guinness shares on the basis of indemnities.

After the bid closed, both wanted to sell. Because the share price had dropped, Mr Seelig had been concerned that the shares should not go on the market, and he and Lord Spens decided they should be put by Down Nominees, an Ansbacher nominee company, until the share price rose sufficiently for them to be put on the market.

Ansbacher paid £7.6m - the clients' original purchase price plus interest - and was covered by Guinness making an interest-free deposit of the same amount with Ansbacher.

Mr Seelig and Lord Spens also agreed that Guinness would not be entitled to demand repayment of the deposit until Ansbacher had been indemnified for any costs it incurred in acquiring or disposing of the shares.

Miss Gloster said that such

had been Mr Seelig's and Lord Spens' concern to put the arrangements into practice that they had given insufficient thought as to whether Ansbacher was buying the shares on its own or Morgan Grenfell's behalf.

Lord Spens was later to say the shares were Morgan Grenfell's, whereas Mr Seelig said they were Ansbacher's.

Miss Gloster said a misleading, false and deceptive letter that Lord Spens authorised Ansbacher to send to Guinness stated that Guinness could demand repayment of the £7.6m deposit on a specified date and that the sum had been placed in an interest-free deposit account.

The true position was that no such account had been established and the sum had been credited to Ansbacher's sundry-customers account and set off against the purchase price of the shares.

When Mr Fenhalls found out about the matter, he instructed Lord Spens to liaise with Mr Seelig and get written confirmation from Morgan Grenfell that Ansbacher was entitled to indemnify itself out of the deposit.

Mr Seelig refused to give such confirmation. However, Miss Gloster said, he later told a Morgan Grenfell colleague that Ansbacher had been given an indemnity.

Lord Spens and Mr Seelig had given contradictory accounts to Department of Trade and Industry inspectors who later investigated the takeover, Miss Gloster said. Lord Spens, who denied having done anything dishonest, eventually admitted in terms that Mr Seelig had asked him to



Elizabeth Gloster QC arrives at Southwark Crown Court

support Guinness and given an indemnity up to £10m.

Mr Seelig had denied having given Lord Spens an indemnity, saying he had given nothing more than "comfort" and that it had been no more than "a loose back-scratching arrangement - that is, you do me a favour now and I will not forget you in the future".

Miss Gloster said the principal issues were simple: 1 Had indemnities been given? 2 If so, had they been concealed? 3 If they had been concealed,

had that been done dishonestly? 4 Had false and dishonest documentation been used to cover up indemnity payments?

Those issues, she said, were to be considered against the background that the vice of undisclosed indemnities was that Distillers shareholders had not been making informed decisions about whether to accept the Guinness offer or that of its rival bidder, Argyl.

The trial resumes on Monday.

## Conviction for fraud quashed on appeal

A HAMPSHIRE businessman given an 18-month jail sentence last year for his alleged involvement in a £439,000 fraud on investors was cleared by the Court of Appeal yesterday.

Mr David Day had denied duping clients into investing in bogus offshore companies in the mid 1980s.

The court quashed his conviction on four counts alleging unlawful inducement of investment and set aside his sentence.

Mr Day, who operated in Southampton, had been allowed to pending appeal after being convicted at Southampton Crown Court in February last year.

Lord Justice Farquharson said Mr Day was alleged to have operated a swindle with two Dutchmen, who had never been traced.

Mr Day said he acted merely as a selling agent and had no control over the companies concerned. He honestly believed the projects were genuine. The prosecution held that he had acted recklessly.

The appeal judge said the case had been complicated and called for clear legal directions to be given to the jury. The trial judge's directions on the question of dishonesty had not been sufficient and those on recklessness flawed.

It had also been argued that the judge summed up at a pace that made it difficult for the jury to understand. Lord Justice Farquharson said: "We took the unusual course of listening to a tape-recording of part of the summing-up and we can only say we found it measured and easy to understand."

## Companies lift gross trading profits by 4.3%

By Peter Norman, Economics Correspondent

THE FINANCIAL health of Britain's companies improved in the second quarter of this year but consumers saved less as their real disposable income fell.

Seasonally adjusted figures, released yesterday by the Central Statistical Office, showed that the UK corporate sector increased its gross trading profits, net of stock appreciation, by 4.3 per cent to £17.5bn between the first and second quarters. Dividend payments were paid by nearly 24 per cent to £4.37bn in the second quarter, compared with the first, while corporate savings in the form of undistributed income increased by 32 per cent to an estimated £9.14bn.

Higher profits, large destocking and falling investment left Britain's industrial and commercial companies with a second-quarter financial deficit of £1.81bn: a big improvement compared with the first quarter's £5.52bn deficit and the record £25.44bn deficit for the whole of last year.

While corporate finances recovered, the personal sector suffered a 0.9 per cent drop in real personal disposable income between the first and second quarters.

Pre-tax income from wages and salaries increased by only 0.2 per cent between the first and second quarters as rising unemployment largely offset the effects of higher incomes for those in work.

The effect of unemployment also showed up strongly in the annual figures. Overall income from wages and salaries increased by 4.9 per cent in the

second quarter compared with the same 1990 period, while the rise in average earnings over the same period was about 8 per cent.

The savings ratio, which measures personal savings as a percentage of total personal disposable income, fell to 10.1 per cent in the second quarter from 10.8 per cent in the two preceding quarters. It was well above the 4.1 per cent low reached in the first quarter of 1988 at the time of the boom.

Economists said the second-quarter personal income and savings data helped to explain why the recovery of consumer demand had been muted so far this year. According to Mr Michael Saunders, UK economist for Salomon Brothers International in London, a sharper fall in the savings ratio will be required if Britain is to experience a strong consumer-led recovery. That, he said, would be unlikely.

The CSO's figures have been revised to give a more positive picture of the financial health of the corporate sector over much of the past decade. The gross profits of non-oil companies last year, for example, are now shown to have been £65.3bn, compared with £57.8bn previously.

Mr Kevin Gardiner of Warburg Securities warned that the inclusion of recently privatised electricity companies had inflated the CSO's profit statistics in the first half. However, he forecast that the second-quarter improvement in the corporate financial deficit would be sustained.

## Concern expressed on control over exports of works of art

By Antony Thornicroft

MOUNTING concern about the loss of the UK's artistic heritage is expressed in the annual report of the Reviewing Committee on the Export of Works of Art, published yesterday.

The report describes the past year as "intensely disappointing". It said there had been 18 cases in which objects valued collectively at £29.5m were subject to a temporary export ban to allow British galleries and museums to make bids to keep them in the UK.

Only seven works of art, with a value of £2m, had been retained.

Six objects, valued at a total £23m, including the Badminton

cabinet, received export licences.

The committee said it had little confidence that the four outstanding cases, valued at a total of £13.5m and including paintings by Constable and Van Dyck, would end with the works remaining in the UK. One case has been withdrawn.

The committee said: "The tax system should be modified so that it is more attractive for private owners to make private treaty arrangements when they have an important heritage object for sale. The operation of gift tax should also be improved so that works of art can be offered in lieu of tax.

"Our public collections should be better funded and should have access to special grants in exceptional cases in order to make pre-emptive purchases and to take advantage of private treaty offers when they are made."

The report notes that the Badminton cabinet was offered to the Victoria and Albert Museum for £4m before being sold at auction for £8.6m.

Mr Tim Renton, the arts minister, has asked the committee to propose improvements to export controls. An alternative system could be in place by the time of the 1992 report.

## Truck makers warn of delayed recovery

By Kevin Done, Motor Industry Correspondent

A RECOVERY in the UK truck market, where sales have more than halved in the past two years, is unlikely before the second quarter of 1992, the Retail Motor Industry Federation warned yesterday.

Mr Mike Mudie, chairman of the federation's national truck committee, said that truck producers had been forced to offer substantial financial support to their dealer networks.

"There would be very few that would still be in business without that support," he said. The truck sector has been one of the worst sufferers in the recession. Sales are 33 per cent lower than in 1990 and there has been a 58 per cent fall in demand over the past two years.

Truck prices in the UK are currently the lowest in western Europe, said Mr Mudie, and were only 70 per cent to 75 per cent of prices in Germany.

He warned that the industry faced a further wave of restructuring in order to reduce overcapacity, and said that there would be more casualties among the remaining small truck makers.

Sales of new commercial vehicles fell 30.2 per cent in August to 28,946, led by a further steep drop in truck demand.

New commercial vehicle sales in the first eight months of this year, at 151,107, were 30.3 per cent lower than in the corresponding period a year ago.

The rate of decline and the depth of the recession in the UK commercial vehicles market was unprecedented in the post-1945 period, Mr David Gill, truck marketing and sales managing director for Leyland DAF, the UK subsidiary of DAF of the Netherlands, warned recently.

The present recession was biting much more deeply than the last recession, in the early 1980s. He forecast that sales of trucks above 3.5 tonnes would fall as low as 32,000 this year - a drop of a third from the 48,000 last year and less than half the 1988 sales level of 69,000.

## Acorn launches low-cost computer

By Alan Cane

ACORN COMPUTERS, the UK-based school computer specialist controlled by Olivetti of Italy, yesterday launched an inexpensive system designed to improve its share of the secondary school market.

Acorn, based in Cambridge, has machines in 85 per cent of UK schools, with a bias towards the primary sector, where its BBC-B computer has been especially popular. The company has been criticised, however, for concentrating on its own proprietary hardware and software rather than developing computers based on the industry standard MS-DOS operating system used on most professional machines.

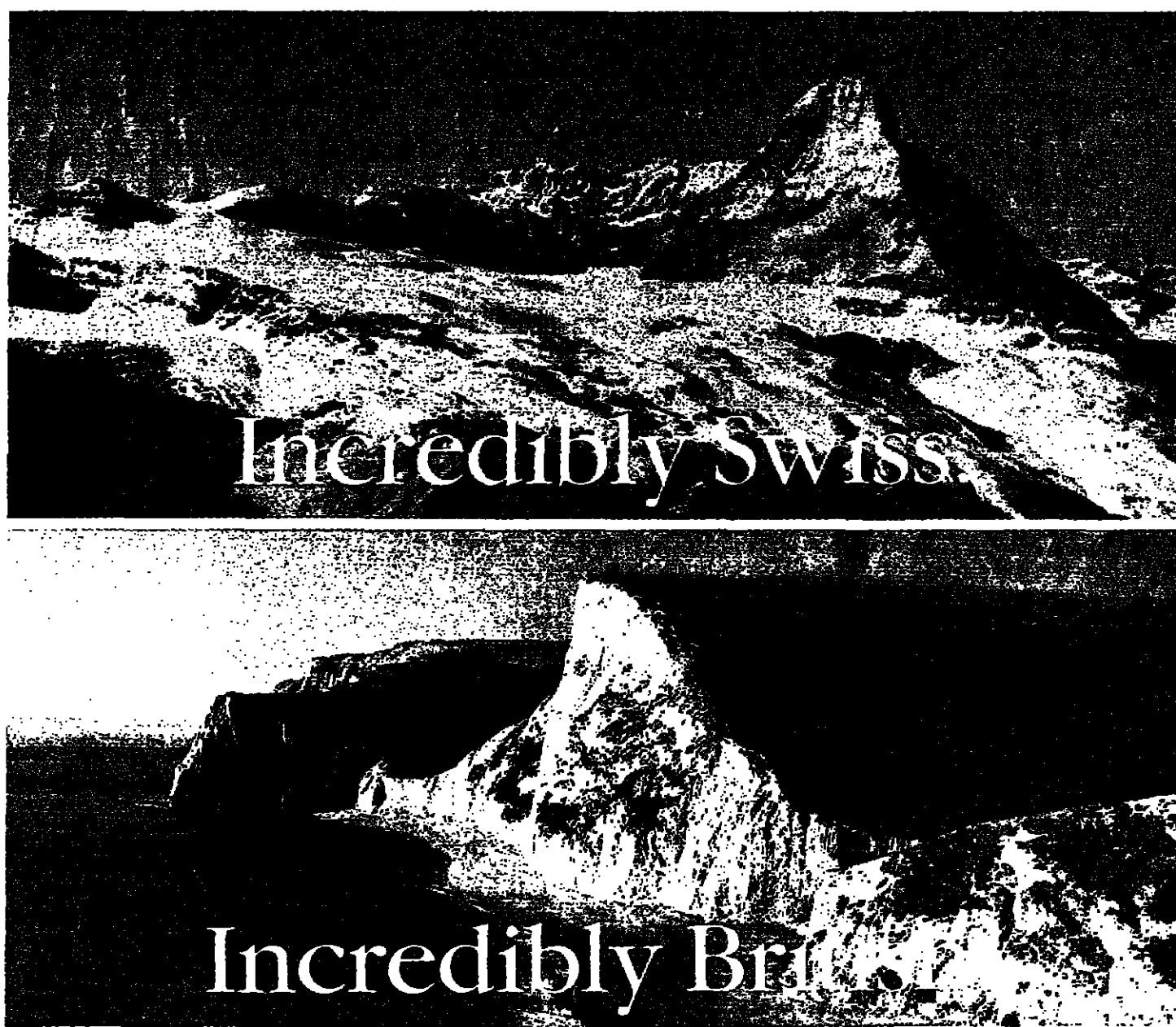
The new A5000 machine uses Acorn's own microprocessor chip, but the company says it is so fast that it can run MS-DOS programs almost as fast as MS-DOS-based computers.

The A5000, complete with a 40-megabyte hard disk memory and colour monitor, will sell for £1,499 plus VAT.

Mr Sam Wauchope, Acorn managing director, said the machine was well suited to secondary schools' use as well as to desktop publishing and multi-media applications where text, moving pictures and computer processing are brought together on the monitor screen.

He said the education market, seriously shaken over the past two years by the uncertainties of the poll tax and the introduction of local management of schools, had returned to slow but steady growth.

The new National Curriculum in England and Wales requires schools to use information-technology equipment in specific subjects such as maths, science and technology. Some schools are exploiting applications such as word processing for English, graphics in art classes and spreadsheets for business studies.



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## Fresh Paternoster plan enters the fray

By Vanessa Noulden, Property Correspondent

NUCLEAR ELECTRIC is about to submit a planning application to redevelop Sudbury House, on the edge of Paternoster Square by St Paul's Cathedral in the City of London.

The design conflicts with the proposals put forward in June for redeveloping the square by Paternoster Associates, a partnership of Greycoat, Park Tower Group of the US and Mitsubishi Estate of Japan.

Although Nuclear Electric supports the neo-classical style promoted by Paternoster Associates' master plan, it seeks a different design solution for the north-west of the square.

It has based its proposal for a new 430,000 sq ft office building on an amended master plan that would allow a visual link between the towers of St Paul's and Christchurch Greyfriars, both designed by Sir Christopher Wren.

It proposes that two of the Paternoster Associates' buildings should be set back to achieve the vista and allow a way through Newgate Street to the new Paternoster Square.

The site has been the subject of a fierce architectural debate after previous redevelopment plans were dropped after criticism from Prince Charles.



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## The politics of recession

IT IS a truth universally acknowledged that elections can be bought. What matters, it is widely believed, is how well off voters feel on the eve of the poll. A few months of low rates of interest and rising incomes are enough, it is alleged, to make the average voter forget all earlier pains. But this truth may be a half-truth, or even a falsehood. The economics of the moment may matter less than is thought. They certainly should matter less than they do.

If the electorate were to ask the Conservative party what it has done for it lately, its leaders would happily point to a 4% percentage point reduction in base rates since October of last year, along with a stable currency and signs of economic recovery. But if the electorate were to ask what the party has done for it since June 1987, when last it received a lease on the powers of a British government in possession of a House of Commons majority, the answer would be far grimmer.

In the four years since the second quarter of 1987, the UK's gross domestic product has risen by a paltry 5.5 per cent (a compound annual rate of growth of 1.3 per cent). Retail price inflation, less mortgage interest - Mr Nigel Lawson's "judge and jury" - was 3.5 per cent in the year to June 1987, but 6.2 per cent in the year to August 1991. Average earnings rose at an underling rate of 7% per cent in the year to June 1987 and by 7% per cent in the year to July 1991. In June 1987, unemployment was 2.9m and falling. In August 1991 it was down to 2.4m, but rising.

None of this looks very good and some of it looks dreadful. Given that the latest recession did not coincide with oil shocks and global recessions comparable to those of 1973-75 and 1979-81, it is also bound to look unnecessary.

### Likely growth

Just how deep and long the recession has been has become clearer with the publication of GDP for the second quarter of 1991. If one defines a recession in terms of successive quarters of negative growth, then the latest one is already four quarters old. It is also quite likely to be at its end, since some growth, albeit modest, is likely in the third quarter.

With a GDP decline of 3.7 per cent over four quarters, the latest recession has not been as deep as the 6.7 per cent decline between the second quarter of 1979 and the last quarter of 1980. But it is already deeper than the 3.4 per cent decline between the third quarter of

1974 and the last quarter of 1975. The Thatcher-Major recession is, in fact, the second deepest decline in output since the 1930s.

The latest recession is also quite different in shape from the earlier ones. In 1979-80, manufacturing experienced a decline of 17.4 per cent. Even in 1974-75 the decline was 11.8 per cent. This time, however, manufacturing output has fallen by "only" 6.6 per cent from its peak in the second quarter of 1990. It is easy to understand why manufacturing industry should feel groggy by now, but this time services too have been pummeled.

### Two options

The government has two options in dealing with the legacy of its past. It can blame it all on a previous government, headed by someone called Margaret Thatcher, who was executed last November and buried in an unmarked grave. The government is now headed, instead, by a certain John Major who happened to arrive from Mars at the same time.

The government can also try to point to a bright future of non-inflationary growth. Growth is, indeed, now rather likely. It is noteworthy, for example, that the personal savings ratio, whose increase in 1989 and 1990 was an important proximate cause of the recession, stopped rising in the first half of 1991. Consumption should now rise with personal incomes. Moreover, the decline in gross trading profits halted in the second quarter of 1991, while that in corporate fixed investment also slowed sharply. In addition, the volume of exports (excluding oil and erratic items) went up 2% per cent in the latest quarter over the previous one. All in all, recovery now looks likely.

Nonetheless, economic growth is unlikely to match the rise in capacity, with further increases in unemployment certain. Moreover, the UK has not, whatever the politicians claim, "licked inflation", if that means a pay performance rivaling the best in Europe.

The government's tale is one of past mistakes, of a dreary present and a far from buoyant future. But the Labour party is so frightened of being thought reckless that it offers the same basic policies. This time at least the electorate will not be bought. On the contrary, it is being offered a hair shirt.

The Labour party is entitled to belabour the government for its mistakes. But no one should be fooled. As Henry Ford would have said, the electorate can have any macroeconomic colour it wants, so long as it is black.

Shortly after 2.30pm on Tuesday, Mr Neil Kinnock will step up to the speaker's rostrum of the Labour party conference, nervously adjusting his cuffs and begin the most important speech of his political career.

In the tense hush that follows will hang a widely held, though unspoken, conviction that his 45-minute address will set the tone of Labour's coming campaign and will influence his chances of becoming prime minister next year.

The goals of the Labour leader's speech, hammered out at the shadow cabinet meeting in London's Churchill Hotel 10 days ago, are simple but demanding. Mr Kinnock's chief task is to paint a picture of Britain under a Labour government, drawing out the vision from the mountain of policy papers so painstakingly drafted over the past three years.

His speech must answer the charge that the reformed Labour party's message is all things to all men, and European what "debtor nations" stand for. It must convey to the electors the complex, though not necessarily contradictory, message that Labour is both safe and exciting to vote for. And, above all, it must go at least some way to rebutting the jibe of Mr Chris Patten, the Tory chief, that a Kinnock premiership offers only a return to the pragmatism of Harold Wilson.

How will Mr Kinnock promote the new Labour party? On its traditional funding issue - the National Health Service and education for example - the leader will assure his audience that it stands for "modernisation not privatisation": a formula that finds ample support at the polls.

On the more difficult area of the economy, Mr Kinnock will push hard on the business market, emphasising that Labour's

**'We are usually bad under fire. But the party behaved like a good battalion last week'**  
- Roy Hattersley

investment-led recovery programme, with its emphasis on manufacturing innovation and skills training, is the European way to a brighter future on market forces an aberration.

But none of this answers the question: "What is the big idea?" After months of debate, the shadow cabinet concluded that the party must highlight the constitutional reform chapter of its policy package.

In deliberate contrast to Mr John Major's Citizen's Charter - dismissed as a narrow consumerist view of citizenship rights by Labour - Mr Kinnock will point to the little-publicised programme for a Freedom of Information Act, devolved regional government and widely enhanced citizens' rights as the agenda for pushing forward the frontier of a true "enabling" democracy.

Upon this agenda, Mr Kinnock will try to restore Labour's claims to excitement and to win votes as the party determined to empower the people. But what will he say on the crucial, related question of electoral reform?

The signals this week were that Mr Kinnock, until recently a declared agnostic, will use his conference speech to boost the hopes of the growing ranks of reformers now lobbying hard within the party.

Opponents to changes in Britain's first-past-the-post voting system, including the deputy Labour leader, Mr Roy Hattersley, believe there are compelling reasons why Mr Kinnock should say nothing. Others, like the shadow health secretary, Mr Robin Cook, think that now is the moment for the Labour leader, at the very least, to wave what may be a trump card.

The Labour party conference will provide the party leader with the sternest test he could face before the election, writes Ivo Dawney

## Moment of truth for Kinnock

The case for caution is simple. Labour goes to its conference with its morale higher for the electoral race than at any time since it last won power 17 years ago in October 1974.

The most recent polls show the party returning to a two- or three-point lead as the public's attention shifts back from the unfolding events in the domestic political arena.

Indeed even when the polls were running against it two weeks ago, Labour's disciplined new model army held its ground. "We are usually bad under fire. But the party behaved like a good battalion last week," Mr Hattersley observed with distinction.

But, the reformers argue, if we are committed to extending democracy, then at least send out that signal now and reap the electoral benefits.

The party's campaign co-ordinator, Mr Jack Cunningham, believes Labour's electoral fate hangs on broader issues. He concedes, however, that there is work to be done to win votes. "Earlier this year we saw our own vote steady and others oscillating between the Liberal Democrats and the Tories. It is some of those that we must now win for Labour," he said.

For Mr Kinnock the options, at least, are clear cut. On the one hand he could simply ignore the pressure from the reformers by sticking strictly to his formula that the party's internal debate continues. Or he could signal, however slightly, that a Labour government may agree to place the question of voting systems on the national agenda - possibly by means of a speaker's conference, a constitutional convention or a royal commission - when it takes office.

The Labour Campaign for Electoral Reform - now the party's biggest single pressure group - is proposing a still more cautious course through a skillfully drafted conference resolution and is inviting the party's ruling national executive committee to endorse it.

Highlighting the balanced preliminary work of the party's working party on electoral systems, chaired by Professor Raymond Plant, the motion calls on the party: "to seize every opportunity to publicise and discuss Labour's new openness to electoral reform."

If the NEC gives that wording its blessing, Labour, the reformers claim, can enter the election campaign with at least a portion of the two-point increase in its vote that the Electoral Reform Society says the party would attract for a full-blooded endorsement of change.



While the backroom politicking over electoral reform rages internally, the chief battleground outside the conference hall continues to centre on Labour's struggle for credibility over its ability to manage the economy. For Mr Kinnock and Mr John Smith, his shadow chancellor, it is the Treasury not the NHS that must be proved to be "safe in our hands".

The latest findings of the party's private polling show that Labour leads the Tories comfortably on its promises of more aid to manufacturing investment and on skills training, but it continues to lag badly on the broader question of relative "economic competence".

To win over the skilled and semi-skilled workers, the crucial C2s,

Labour intends to use the conference to stress its new European credentials. The market is a useful tool, it will claim, but the Tories' dogmatic faith in its virtues is eschewing crucial measures, widely employed across the Channel, needed to prepare the country for the single market of 1992.

Enhanced tax breaks for investment and better skills training have allowed the UK's European partners to establish stable economic growth and a dangerous competitive advantage. "A key element in the message is that our policy is the norm in Europe," said one shadow cabinet member. "It is the Tories who are out of line."

What is worrying for Labour is

that, so far, this message is still not feeding through into its poll findings. As Mr Smith and his team repeatedly out-point their Conservative counterparts for personal credibility, analysts conclude that the problem centres on a "cultural" association in the minds of the electorate that the Tories intuitively understand money.

This week Mr Smith once again promoted his image as a cautious Scotsman by assuring the FT that Labour's commitments on spending are definitively restricted to increases in child benefit and pensions. Whatever the priorities of his colleagues, he said in an interview, all additional cash must come from the increased tax revenue derived from growth - money the Tories would spend on tax cuts. But how does this publicly-declared parsimony mesh with the plethora of promises listed in the 51 policy documents Labour has published over the past 12 months?

To many, the well-tried formula that programmes will be funded "as resources allow" rings no more true than the Tories' joyous poster slogan: "Labour's going for broke again."

Professor Paul Hirst, of Birkbeck College, believes that, at its root, the public's lack of confidence must relate to Labour's continuing proximity to the unions, a relationship which came at the top of the list of "reasons for not voting Labour" in a recent Observer/NOP opinion poll.

Memories of the 1978-79 "winter of discontent" have not been dispelled despite the assurances of Mr Tony Blair, Labour's fluent young employment secretary, that neither a social contract nor an incomes policy will be on offer when the party takes power.

"The Labour party in the 1970s ended up taking responsibility for things outside its power," he remarked. "That is not going to happen again."

Mr Blair is one of the inner circle who believes that the relentless press onslaught against the Labour leader and the phoney election of the past few weeks has exhausted the Tories' ammunition on the "leadership issue" and may provoke a "sympathy" backlash.

Indeed, loyalist party officials say that the discipline and determination of Mr Kinnock's conference - not to mention the ousted Militants outside the door - will serve as the crucial curriculum vitae item in his application to become Great Britain plc. His iron grip on the NEC and his shadow cabinet have shown that he is in complete control of a party once notorious for its unmanageability.

For the Tories, Labour's credibility has been fatally undermined by its about-turns on public ownership, unilateralism, and now, possibly, proportional representation. In particular, the Tories say, Labour's new-found Euro-enthusiasm is symptomatic of its tendency to put electoral opportunism before serious policy considerations. In the run-up to the EC summit at Maastricht in December, they claim, Labour is ready to jeopardise British national interests merely to capture Downing Street.

But how much will all this matter to the C2 voters the party is seeking to woo? As one campaigner protested: "Either we are extremists or we have changed. The Tories cannot have it both ways."

Labour's official answer in Brighton this week is that, unlike the ideological Tories, its policies have moved with the times while its principles remain firmly embedded in the pursuit of a more equitable society - a country, to borrow Mr John Major's phrase, more "at ease with itself".

That may be true. But as Mr Kinnock sits down to the inevitable rapturous applause next Tuesday, he may privately concede that the vision of democratic socialism he has just unveiled is almost identical to that once tabled by the late and little lamented, SDP. Perhaps the only difference is that Labour now has the history, organisation and resources that its rebel offshoot lacked.

## MAN IN THE NEWS

David Kay

## Cool hand inspector with a surprise in his suitcase

By Bronwen Maddox



I don't see any reason to be frightened. We've just got a job to do and if you were easily scared you'd be in the wrong job out here.

This deadpan American style belongs to Mr David Kay, chief of the United Nations inspection team which this week uncovered the frightening scale of Iraq's clandestine nuclear weapons programme.

Mr Kay and his 43 colleagues have been detained in the car park of the Baghdad headquarters of Iraq's nuclear weapons programme since Tuesday with a UN bus and five cars. They are in a deadlock with Iraqi officials who refuse to let them remove sensitive files said to reveal for the first time the full extent of Iraq's nuclear weapons-making capability.

The US and UN have rejected vigorously Iraq's claim that Mr Kay is a Central Intelligence Agency officer.

Clean-cut, and neatly-built with an energetic shirt-sleeves style, Kay, 51, has been thrust from his normal role as part-bureaucrat, part-scientist, into the front line of media attention. He is the antithesis of General Norman Schwarzkopf, the last American desert hero to fill the television screens.

Relaxed and chatty over the crackling satellite link to his car phone in Baghdad, he says: "We're not actually sleeping on the bus - it's far too hot. We sleep on the pavement by the cars, and in the morning it looks like a convention of the homeless. But you'd be surprised - with a layer of cardboard between you and the concrete it's quite tolerable."

That, according to his colleagues in Vienna, is not a radio but typical of his low-key approach. He seems uninterested in the discomfort, not bothered by military rationing and the one "truly horrible" lavatory facility for 44 people, although he says ruefully "we brought no razors and we've got a whole variety of whiskers and beards".

The real frustration for him is spending four days penned in a car park unable to pursue the evidence that he knows exists.

He says the "hammer fell" and the team was elected by Iraqi soldiers as they began examining one room holding finance and personnel records for the huge Iraqi weapons programme.

They had already ferried some papers out of the two 13-storey buildings, running with them down the stairs in 40-degree Centigrade heat as the lifts were too dangerous to use. They stored the papers under the seats of the bus and settled down to wait for New York and Vienna to tell them whether the United Nations Security Council and Iraq could agree the terms for a full inspection of the building.

Kay is on his fifth mission to Iraq since he was appointed head of the investigation in April. He joined the International Atomic Energy Agency, the UN watchdog, in 1983. Until April he was the head of the IAEA's technical co-operation section, which helps developing countries manage nuclear energy for peaceful uses, mainly in medicine and agriculture. "It is easier to say

which countries I didn't visit in Africa, Asia, Latin America," he says.

Born in Texas, he studied physics there as an undergraduate, and then took a doctorate of philosophy in the law at government at Columbia. It was there that he realised his real love was the politics and economics of science.

A spell in Washington doing research on a grant from the National Science Foundation then gave him a taste of the influence of the east coast establishment, an east coast edge to his accent, and the springboard for his first European job, a Paris-based post at Unesco.

Having made the leap from his home town, he seems rapidly to have acquired the international technocrat's ability to feel at home anywhere.

That may explain his dispassionate approach to his Iraqi custodians, bantering with them in the car park as they discuss how to make an acceptable inventory of the files. He shows a surprising lack of anger in describing the inci-

dent earlier this week when Iraqi officials forcibly stripped boxes of files from a UN truck and returned only the less sensitive ones, in an unannounced visit to his bedroom at 1.30 in the morning.

This accommodating approach seems almost a refusal to pass judgment when he talks about Vienna, his family's home for the past eight years. "It's a beautiful city with an interesting culture and history, as you can see from the buildings, and a vibrant international community."

Unmistakably, his fluency and real enthusiasm are reserved for his expeditions abroad. He has a boyish fascination for technology, and helps listeners with free-hand maps of the Iraqi desert and electromagnetic uranium isotope facilities.

In earlier missions to Iraq his teams were racing against "massive obstruction" by Iraqi soldiers. Returning to re-inspect sites, they found equipment bulldozed, concreted over, dragged out into the desert and buried.

They had to dig pieces of 24-ton electro-magnets out of the desert and reassemble them before they realised they were looking at factories for uranium enrichment, an essential step in making nuclear weapons.

When they intercepted a 60-truck convoy carrying equipment away from Tarmiya, an enrichment site east of Baghdad, they were shot at by Iraqi officials.

Even that high point of drama seems not to trouble him: "You do what comes naturally to survive - it doesn't occur to you to be afraid."

His ability to "integrate" as he calls it, with politics and science, bureaucracy and adventure is the reason he nevertheless fits well among the inhabitants of the trio of curved United Nations buildings on the banks of the Danube.

His colleagues in Vienna refer to him with respect and some excitement - not quite Lawrence of Arabia, but an exotic animal in the climate-controlled corridors of the UN.

They were particularly impressed when he brought back fragments of equipment in his suitcase from the last mission, and assembled them on the floor of the UN office. It was only when the pieces were all in place that observers could see that western companies had supplied some crucial parts.

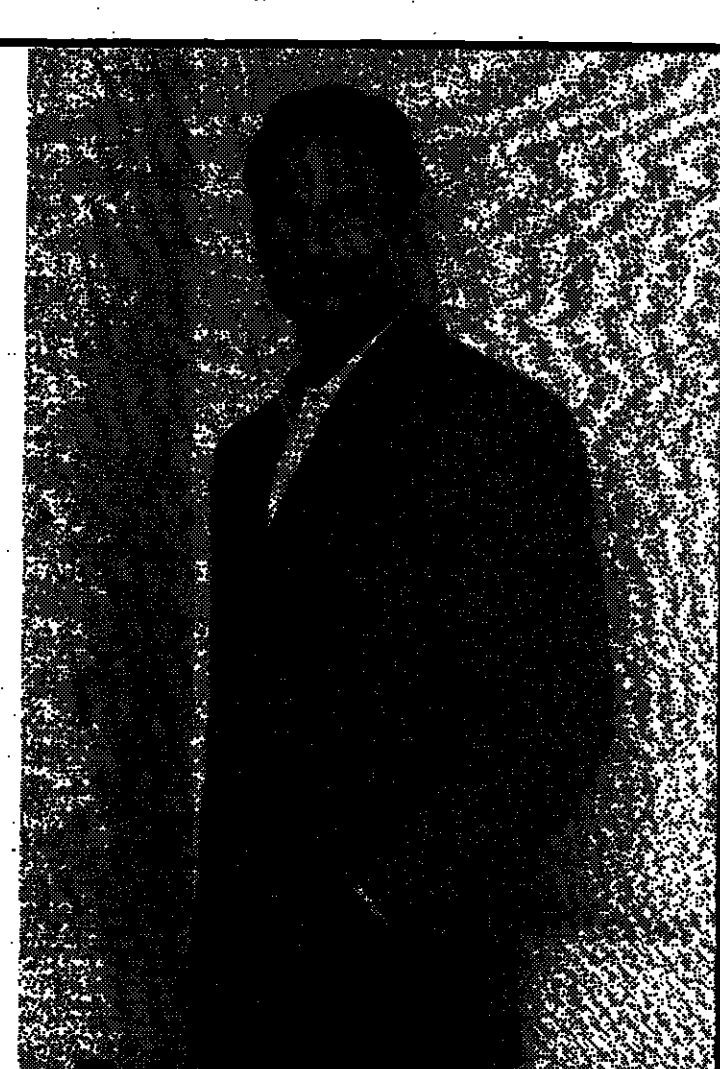
But he gives no impression that he has fallen for the romance of expeditions, nor does he urge others to carry out dangerous deeds. He says he is pleased and relieved that his 25-year-old daughter has chosen to be a tax accountant - it means she will always be employed.

His colleagues in Vienna want him back soon to assess what has been collected. They may have a tough negotiation ahead of them. Laughing over the phone line, he says: "We've still days of work here, and that's assuming there isn't a park situation at every building we go to. I just want to get on with it. Vienna knows that."

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# NatWest in life assurance venture

By David Barchard and Richard Lepper

NATIONAL WESTMINSTER, the second largest UK banking group, yesterday confirmed that it is to enter the life assurance business.

It will set up a new subsidiary, National Westminster Life Assurance, in a joint venture with Clerical Medical, the Bristol-based mutual insurer, to sell insurance and pensions products to the bank's 6.5m customers.

The new company will have capital of £150m, of which NatWest will own 92.5 per cent. NatWest is the second major UK bank to enter the life assurance market within the space of three days. On Wednesday Abbey National announced

that it is to acquire Scottish Mutual Assurance.

NatWest will continue to operate as an independent financial adviser through its NatWest Insurance Services subsidiary, but the bulk of its effort is likely to focus on direct sales by NatWest Life. Last year NatWest sold 150,000 life policies generating about £45m of commission income.

The bank's branches will now effectively become "tied agents" of the new subsidiary.

Mr Derek Wanless, chief executive of NatWest UK Financial Services, said the new subsidiary would start selling policies in the second half of 1992 and is aiming for a

target of 300,000 policies by 1995, generating £300m in premium income.

NatWest will build a sales force of 3,000 people - many of whom it hopes to recruit from within the ranks of its existing bank employees. A further 1,000 new back office jobs will be created at the insurance company's headquarters in Bristol over the next five years.

NatWest was the only one of the Big Four clearing banks committed to independent financial advice after the introduction of the provisions of the Financial Services Act in 1986.

Bradford & Bingley and Yorkshire Building Society, the

two remaining large institutions which have not yet become tied agents for insurance sales, both expressed disappointment at the shrinking of the independent financial advice market.

Clerical Medical, the sixth largest mutual life insurance company and the 15th largest UK life company, will supply fund management and systems services to the joint venture. The company will continue to sell, through independent financial advisers, a full range of life insurance products, including a number not sold by NatWest Life such as group pensions.

See Lex

# Takare seeks further £60.2m for expansion

By Andrew Taylor, Construction Correspondent

TAKARE, the nursing home group, is seeking to raise £60.2m by issuing shares and debenture stock to fund its ambitious building programme, writes Jane Fuller.

The share placing and open offer, on a 2-for-5 basis at 160p a share, will raise £34.7m. Increasing the number of shares in issue from 63m to 88m. This takes the total Takare has raised in equity issues to £74.7m since it gained a full listing in April 1989.

Another £25.5m will come from debenture stock, adding to the £15.7m raised in May and making a total of £60.2m, yielding 11.5 per cent.

Takare forecast full-year profits 70 per cent higher at £7.5m, having announced interim pre-tax profits of £3m on turnover of £12.4m.

Mr Hamilton Anstead, finance director, said that before yesterday's fund-raising, the group had a £3m overdraft. Afterwards it would have £55m cash, which would fall to between £30m and £35m by the end of the year, giving net debt of about £15m and generating 100p per share.

A further 18.4m shares have been placed with institutions as Singer & Friedlander, the merchant banking and property group, decided to dispose of its 29.1 per cent stake. The gross proceeds at 140p a share were almost £26m, compared with a book value of £20.5m. S&F said the funds would be used to repay loan stock.

De Zoete & Bevan is handling the share placements. Takare's share price gained 2p yesterday to close at 151p.

# Evered Bardon slides by 50% to £10.3m

By Andrew Taylor, Construction Correspondent

MR ROY Kettle, who turned Evered Bardon from a Midlands-based engineering group into one of the UK's biggest aggregates producers, yesterday resigned as one of the company's most senior executives.

News of Mr Kettle's resignation accompanied the company's announcement that pre-tax profits had fallen by 49.5 per cent to £10.3m in the six months to the end of June. Net interest payable jumped to £3m (£2.3m).

The company - which also has US aggregates interests - maintained its interim dividend at 1.58p. This was only just covered by earnings of 2p (£2.7p) per share.

Mr Kettle was chief executive of Evered until the company acquired rival quarry group Bardon in an agreed £27m share offer at the beginning of this year. He became executive vice-chairman following the merger and will now become non-executive director.

Mr Peter Tom, formerly chairman and chief executive of Bardon, will remain chief executive of the merged group. He said that Mr Kettle's decision to stand down at this stage had occurred only slightly earlier than had been planned and had been mutually agreed with the board.

Mr Kettle, 67, and a former joint managing director of Tarmac, the UK's biggest building materials and construction group, had been the driving force behind a series of acquisitions made by Evered. These

took the group into the top six British aggregates producers. In the process Evered's net debt has risen to £300m - equivalent to three-quarters of shareholders' funds of just under £400m.

Mr Tom said yesterday that the group would not be making any further acquisitions, other than very small purchases. Its priority was to reduce gearing to about 40 per cent. This would be achieved over the next 18 months by selling peripheral and under-performing businesses and making further cost savings.

The group had reduced its US labour force by 20 per cent and its UK workforce by 11 per cent during the 12 months to the end of August.

**COMMENT**

UK profits, after allowing for the effects of the merger, fell by about 31 per cent in the first half. In the US, the decline was about 46 per cent. The ending of moratoria on infrastructure spending in Maryland and Massachusetts will help a bit but not until next year. Little improvement is expected in the UK. Businesses for sale may include clay floor tiles, natural stone and concrete block companies in the UK. In the US the Indiana and North Carolina businesses look vulnerable. Proceeds from disposals, however, will take time to come through if fire sales are to be avoided. Pre-tax profits this year may be about £28m. Management is going in the right direction but a long haul lies ahead. Not a buy at this stage.

# Scot Cities bids for Anglo Scandinavian

By Philip Coggan, Personal Finance Editor

SCOTTISH CITIES Investment Trust yesterday turned the tables by launching an £18m bid for Anglo Scandinavian Investment Trust, just three months after the failure of an Anglo Scandinavian offer for one of Scottish Cities' sister trusts.

SCIT has already acquired a 10 per cent stake in Anglo Scandinavian (ASIT) and has received irrevocable acceptance in respect of a further 14.99 per cent. ASIT made a holding statement yesterday, advising shareholders to take no action.

Anglo Scandinavian launched a £3m bid earlier this year for Lancashire & London Investment Trust, a smaller companies specialist which, like SCIT, is managed by Finsbury Asset Management.

Finsbury, with its associated trusts, is part of a complex network of companies built up by Sir Walter Salomon, founder of

the Rea Brothers merchant bank. A third Finsbury managed trust, Scottish & Lancashire, holds stakes in both SCIT and Lancashire & London.

Anglo Scandinavian, which invests solely in other investment trusts, owns stakes in all three trusts managed by Finsbury and the holdings now represent 55 per cent of its net assets. After the failure of its bid for Lancashire & London, it was left with a 40 per cent stake.

Mr Michael Reeve, SCIT's chairman, said: "ASIT shareholders have not seen any capital appreciation since its flotation and its discount to net asset value is wider than the sector average. Scottish Cities' offer for ASIT provides shareholders with a realistic solution to the dilemma."

If the bid goes through, SCIT will cancel ASIT's shareholding in itself and place the

remainder of its portfolio with outside investors. SCIT will also simplify its own voting structure, enfranchising its non-voting "A" shares and disenfranchising its preference shares.

The offer, as is usually the case with investment trust bids, is based on the formula asset value (FAV) of ASIT. This is about 4p per share less than its net asset value, currently 100p per share.

SCIT is offering 90.25 per cent of the FAV of ASIT in shares, or 82 per cent in cash. That makes the paper offer worth about 88p per share, and the cash offer 80p. SCIT is also offering to buy ASIT warrants for 10p in cash.

The SCIT voting shares jumped 7p to 87p yesterday with the non-voting shares gaining 45p to 830p. ASIT shares were unchanged at 89p.

strong. The company guessed correctly that it would be unopposed in the competitive tenders for new franchises and bid only £2.00 a year.

It is for that reason that Mr Hill wants to even up the takeover. He said that the company would also like to be free to be able to own up to 25 per cent of the ITV market in the UK and use the enlarged base to expand into Europe.

Central is disappointed however that Home Office ministers do not appear to be treating the issue seriously. The Home Office recently said it had decided the position in Europe should be investigated and further action taken through the EC if necessary.

# BTR attacks Hawker record

By Jane Fuller

BTR, the industrial conglomerate bidding nearly £1.5bn for Hawker Siddeley, the engineering group, has attacked "a decade of disappointment" at its target.

The offer document, released yesterday, weighs in with graphs showing that Hawker's turnover, trading profit and earnings per share have fallen in real terms since 1981.

It contrasts the stagnant figures with its own growth and trading margins, which have averaged 14 per cent over the period compared with Hawker's 8.1 per cent.

Hawker said the bid was inadequate and its future did not lie with BTR, "a sprawling conglomerate".

# Central TV falls 50% to £3m

By Raymond Snoddy

CENTRAL Independent Television is intensifying its campaign for more even-handed rules on takeovers of television companies across the European Community.

Mr Leslie Hill, chairman and chief executive, yesterday attacked the disparity in present regulations which will allow EC television companies to takeover ITV companies from 1994 while national regulations prevent British television companies mounting takeovers in most EC countries.

"We believe this anomaly should be rectified and will continue to draw the attention of the British and European Parliaments," Mr Hill said.

He was speaking as the sec-

ond largest ITV company announced a 50 per cent drop in pre-tax profits to £3.4m in the six months to June 30. Turnover fell by 9 per cent to £139.7m with advertising revenue down at £102.2m (£113.4m). Earnings per share were 7.9p (£15.2p) but the interim dividend has been held at 7.5p.

He also complained about the punitive effect of the special Executive levy on ITV profits. The levy together with taxation accounted for 80 per cent of Central's profits before levy.

Analysts are forecasting a slide of 50p for the full year. Despite the poor half, Central's longer-term position, relative to the rest of the commercial television industry, is very

strong. The company guessed correctly that it would be unopposed in the competitive tenders for new franchises and bid only £2.00 a year.

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# FT-Actuaries Indices changes

The following changes have been decided by the FT-Actuaries Classification Sub-Committee:

Deletions: Baggeridge Brick (group 2); Krakine House Group (48); Rutland Trust (70); 600 Group (7).

Additions: Betterware Consumer Products (34); Rimec Industries (49); Fleming European Investment Trust (71); BT-Sports (29).

Reclassification: Henry Barrett Group (from 7 to 6).

All the above changes will take effect from October 1, 1991.

# Ferranti 'unlikely to be profitable this year'

By Michael Stapleton

FERRANTI International, the defence and electronics group, is highly unlikely to be profitable this year, Mr Eugene Anderson, the chairman, told the annual meeting.

Mr Anderson said yesterday that shareholders should not expect litigation against those responsible for the fraud at ISC, Ferranti's US subsidiary, to yield much in the way of compensation.

Last month Ferranti reached a £40m settlement with Post Marwick, the accountant, over its auditing of ISC's books. Mr Anderson indicated that this

payment, made without admission of liability, was likely to be the last substantial compensation that Ferranti received.

He said the company was attempting to enforce judgments against Mr James Guerin, Ferranti's former deputy chairman, and his associates. But he added: "There's very little chance of getting any significant money from the alleged fraudsters. I'm sad to say there's no bonanza."

Mr Anderson said Ferranti had won contracts worth £127m in the first five months of the current year.

# Plunge to £38m loss at London Securities

By Vanessa Houlder, Property Correspondent

LONDON SECURITIES, the property and investment group, plunged to pre-tax losses of £37.9m for the year to March 31, against profits of £3.7m.

The bulk of the losses stemmed from a £30.1m exceptional item, which was composed of a £7.5m provision against investment property, a £9.4m provision against share stakes, a £1.5m provision against unquoted investments, a £7.5m provision against development land and a £4m provision which resulted from a joint venture partner going into receivership.

Trading losses of £8.5m resulted from a lack of asset disposals. The sales of shares in Clarke Nickolls & Coombs and Five Oaks and properties at Streatham and Aylesbury contributed £7.4m to the losses, although they provided a total cash surplus of £2.8m and cut borrowings by £5.8m.

Gearing is now 200 per cent. The company said that it may have breached its banking facilities. However it said its banks had given their support and had allowed it to amend and increase its facilities, where appropriate.

Mr David Pearl, chairman, said that the prime concern was to survive. In the absence of profits from disposals, further losses were inevitable. Losses per share were 58.9p (earnings 7.9p). The diluted net asset value has shrunk from 50p a share to 18p.

# Clayform cuts loss

Clayform Properties, the highly-borrowed developer and short-rental, has cut pre-tax losses from £9.5m to £5.8m for the first half of 1991.

However, the pre-tax loss before exceptional items worsened from £3.6m to £5.8m. The exceptional loss of £300,000 stemmed from a £500,000 provision against developments in progress and a £300,000 compensation payment.

Income from its Stead & Simpson retailing operation fell from £5.7m to £2.3m, as a result of the recession and VAT increases. Turnover fell from £48.6m to £38.6m. There is no interim dividend.

# ECONOMIC DIARY

**MONDAY:** UK: engineering sales and orders (July); banks' quarterly analysis of lending (June-August); vehicle registrations (August); London sterling certificates of deposit (August); monetary statistics including bank and building society balance sheets (August); bill turnover statistics (August); sterling commercial paper (August). US: treasury sale of three- and six-month bills; machine tool orders; Chicago purchasing managers' report (September); agricultural prices. Japan: construction orders and housing starts (August). Germany: industrial production (August).

**TUESDAY:** UK: launch of marketing campaign for sale of 51 shares; Luxembourg: environment ministers hold first talks on EC fuels tax. US: Federal open market committee meets; construction spending (August); NAPM index (September). Japan: unemployment rate (August); foreign exchange reserves (September). Australia: current account (August).

**WEDNESDAY:** UK: official reserves; details of employment, unemployment, earnings, prices and other indicators; advance energy statistics (August); overseas travel and tourism (July). US: new home sales.

**THURSDAY:** UK: Lloyd's of London council meeting. Germany: national holiday for reunification; deadline for Bundesbank reorganisation. US: factory orders (August); auto sales (September 21-30); money supply (week to September 23). Canada: foreign exchange reserves (September). Australia: building approvals (August).

**FRIDAY:** cyclical indicators for the economy (July 3rd estimate); housing starts and completions (August). Madrid: signing of Antarctic Treaty. US: non-farms payrolls and unemployment rate (August); average workweek, hourly earnings and housing starts (August). Japan: IMF August trade balance, current account and foreign bond investment. Canada: leading indicators (July). Denmark: budget.

**SATURDAY:** The Hague: EC foreign ministers informal two-day meeting.

# FT-ACTUARIES SHARE INDICES

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## CURRENCIES, MONEY AND CAPITAL MARKETS

## FOREIGN EXCHANGES

## Consumer data weakens dollar

THE DOLLAR edged lower yesterday in slow trading after latest US personal income and consumption figures led to fresh speculation about a reduction in American interest rates.

The 0.4 per cent rise in personal income during August was marginally below expectations, while the 0.1 per cent gain in consumption was slightly above most forecasts.

Initially, the market showed a reaction to the data but as economists examined the figures, the dollar came under pressure as it became clear that US consumers were paying off debt rather than spend it in the shops.

With an investment-led recovery unlikely, hopes for a solid upswing have fallen on the shoulders of the consumer. Their reluctance to react more strongly to the reduction in interest rates led to fears that the Federal Reserve will cut interest rates again to pre-

vent the economy sliding back into recession.

Next week, the release of the September employment report is likely to dominate markets and could confine the dollar to a narrow range. Economists at Midland Montagu expect September non-farm payroll employment to have risen by just 10,000 persons, against the 34,000 increase the previous month.

Until New York opened, the US currency remained trapped in a tight range. But after the consumer data a large US bank actively sold dollars in New York. The bank had driven the dollar higher earlier in the week and yesterday's sales were reckoned to be profit-taking.

The dollar closed lower at DM1.6770 from DM1.6825; at SF1.4595 from SF1.4650; and at FF9.9250 from FF9.9350.

Inside the European exchange rate mechanism, the Bank of Spain was reported to

have intervened to break the peseta's decline, selling dollars and buying pesetas in Madrid.

The weakness in the Spanish currency follows indications earlier in the week from Mr Carlos Solchaga, the Spanish finance minister, that monetary policy may be eased to offset an expected 1992 budget. The D-Mark fell back to Ptas63.29-32 from Ptas63.44 in the previous session.

Sterling closed lower at DM2.9125 from DM2.9150; at SF2.5850 from SF2.5900; and at FF9.9250 from FF9.9350; but was higher at £1.7875 from £1.7825, and at ¥231.76 from ¥231.50. Sterling's index rose 0.1 to 91.0.

## £ IN NEW YORK

Sept 27	Sept 28	Sept 29
1.7875-1.7915	1.7870-1.7910	1.7870-1.7910
1.7875-1.7915	1.7870-1.7910	1.7870-1.7910
1.7875-1.7915	1.7870-1.7910	1.7870-1.7910
1.7875-1.7915	1.7870-1.7910	1.7870-1.7910

Forward premiums and discounts apply to the US dollar.

## STERLING INDEX

Sept 27	Sept 28	Sept 29
90.9	91.0	91.0
90.9	91.0	91.0
90.9	91.0	91.0
90.9	91.0	91.0
90.9	91.0	91.0

## CURRENCY MOVEMENTS

Sept 27	Sept 28	Sept 29
90.9	91.0	91.0
90.9	91.0	91.0
90.9	91.0	91.0
90.9	91.0	91.0
90.9	91.0	91.0

## CURRENCY RATES

Sept 27	Sept 28	Sept 29
90.9	91.0	91.0
90.9	91.0	91.0
90.9	91.0	91.0
90.9	91.0	91.0
90.9	91.0	91.0

## OTHER CURRENCIES

Sept 27	Sept 28	Sept 29
90.9	91.0	91.0
90.9	91.0	91.0
90.9	91.0	91.0
90.9	91.0	91.0
90.9	91.0	91.0

## FORWARD RATES

Sept 27	Sept 28	Sept 29
90.9	91.0	91.0
90.9	91.0	91.0
90.9	91.0	91.0
90.9	91.0	91.0
90.9	91.0	91.0

## MONEY MARKETS

## UK rates steady

LONDON money market rates were steady as dealers prepared for a busy session on Monday when the end of the current quarter is expected to make for an active day. The key three months inter-bank money closed at 10 1/4 per cent, up a point.

Further support to rates came from the actions of the Bank of England, which left the market short of liquidity. It bought a total of £1.64bn bills compared with an estimated forecast shortage of £1.85bn.

The money markets are not

anticipating any immediate reduction in interest rates - three months money at around 10 1/4 per cent suggests little change is expected before the end of the year.

In the futures market, the latest opinion poll putting the Labour party 3 points ahead of the Conservative party led to some early weakness and reinforced the nervousness about the political prospects for the Conservatives.

At yesterday's 91-day UK Treasury bill tender, the average rate of discount rose to 8.875 per cent from 8.666 per cent last week.

The difference, or tail,

## EMS EUROPEAN CURRENCY UNIT RATES

Sept 27	Sept 28	Sept 29
90.9	91.0	91.0
90.9	91.0	91.0
90.9	91.0	91.0
90.9	91.0	91.0
90.9	91.0	91.0

## DOLLAR SPOT - FORWARD AGAINST THE DOLLAR

Sept 27	Sept 28	Sept 29
90.9	91.0	91.0
90.9	91.0	91.0
90.9	91.0	91.0
90.9	91.0	91.0
90.9	91.0	91.0

## EURO-CURRENCY INTEREST RATES

Sept 27	Sept 28	Sept 29
90.9	91.0	91.0
90.9	91.0	91.0
90.9	91.0	91.0
90.9	91.0	91.0
90.9	91.0	91.0

## EXCHANGE CROSS RATES

Sept 27	Sept 28	Sept 29
90.9	91.0	91.0
90.9	91.0	91.0
90.9	91.0	91.0
90.9	91.0	91.0
90.9	91.0	91.0

## FORWARD RATES

Sept 27	Sept 28	Sept 29
90.9	91.0	91.0
90.9	91.0	91.0
90.9	91.0	91.0
90.9	91.0	91.0
90.9	91.0	91.0

## MONEY MARKETS

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At yesterday's 91-day UK Treasury bill tender, the average rate of discount rose to 8.875 per cent from 8.666 per cent last week.

The difference, or tail,

## FINANCIAL FUTURES AND OPTIONS

## LIVE LONG-TERM FUTURES

Sept 27	Sept 28	Sept 29
90.9	91.0	91.0
90.9	91.0	91.0
90.9	91.0	91.0
90.9	91.0	91.0
90.9	91.0	91.0

## LIVE SHORT-TERM FUTURES

Sept 27	Sept 28	Sept 29
90.9	91.0	91.0
90.9	91.0	91.0
90.9	91.0	91.0
90.9	91.0	91.0
90.9	91.0	91.0

## LIVE EUROPEAN FUTURES

Sept 27	Sept 28	Sept 29
90.9	91.0	91.0
90.9	91.0	91.0
90.9	91.0	91.0
90.9	91.0	91.0
90.9	91.0	91.0

## LIVE JAPANESE FUTURES

Sept 27	Sept 28	Sept 29
90.9	91.0	91.0
90.9	91.0	91.0
90.9	91.0	91.0
90.9	91.0	91.0
90.9	91.0	91.0

## LIVE US TREASURY FUTURES

Sept 27	Sept 28	Sept 29
90.9	91.0	91.0
90.9	91.0	91.0
90.9	91.0	91.0
90.9	91.0	91.0
90.9	91.0	91.0

## LIVE EUROPEAN OPTIONS

Sept 27	Sept 28	Sept 29
90.9	91.0	91.0
90.9	91.0	91.0
90.9	91.0	91.0
90.9	91.0	91.0
90.9	91.0	91.0

## LIVE JAPANESE OPTIONS

Sept 27	Sept 28	Sept 29
90.9	91.0	91.0
90.9	91.0	91.0
90.9	91.0	91.0
90.9	91.0	91.0
90.9	91.0	91.0

## LIVE US TREASURY OPTIONS

Sept 27	Sept 28	Sept 29
90.9	91.0	91.0
90.9	91.0	91.0
90.9	91.0	91.0
90.9	91.0	91.0
90.9	91.0	91.0

## LIVE EUROPEAN FUTURES

Sept 27	Sept 28	Sept 29
90.9	91.0	91.0
90.9	91.0	91.0
90.9	91.0	91.0
90.9	91.0	91.0
90.9	91.0	91.0

## LIVE JAPANESE FUTURES

Sept 27	Sept 28	Sept 29
90.9	91.0	91.0
90.9	91.0	91.0
90.9	91.0	91.0
90.9	91.0	91.0
90.9	91.0	91.0

## LIVE US TREASURY FUTURES

Sept 27	Sept 28	Sept 29
90.9	91.0	91.0
90.9	91.0	91.0
90.9	91.0	91.0
90.9	91.0	91.0
90.9	91.0	91.0

## LIVE EUROPEAN OPTIONS

Sept 27	Sept 28	Sept 29
90.9	91.0	91.0
90.9	91.0	91.0
90.9	91.0	91.0
90.9	91.0	91.0
90.9	91.0	91.0

## LIVE JAPANESE OPTIONS

Sept 27	Sept 28	Sept 29
90.9	91.0	91.0
90.9	91.0	91.0
90.9	91.0	91.0
90.9	91.0	91.0
90.9	91.0	91.0

## LIVE US TREASURY OPTIONS

Sept 27	Sept 28	Sept 29
90.9	91.0	91.0
90.9	91.0	91.0
90.9	91.0	91.0
90.9	91.0	91.0
90.9	91.0	91.0

## LIVE EUROPEAN FUTURES

Sept 27	Sept 28	Sept 29
90.9	91.0	91.0
90.9	91.0	91.0
90.9	91.0	91.0
90.9	91.0	91.0
90.9	91.0	91.0

## LIVE JAPANESE FUTURES

Sept 27	Sept 28	Sept 29
90.9	91.0	91.0
90.9	91.0	91.0
90.9	91.0	91.0
90.9	91.0	91.0
90.9	91.0	91.0

## LIVE US TREASURY FUTURES

Sept 27	Sept 28	Sept 29
90.9	91.0	91.0
90.9	91.0	91.0
90.9	91.0	91.0
90.9	91.0	91.0
90.9	91.0	91.0

## FINANCIAL FUTURES AND OPTIONS

## LIVE LONG-TERM FUTURES

Sept 27	Sept 28	Sept 29
90.9	91.0	91.0
90.9	91.0	91.0
90.9	91.0	91.0
90.9	91.0	91.0
90.9	91.0	91.0

## LIVE SHORT-TERM FUTURES

Sept 27	Sept 28	Sept 29
90.9	91.0	91.0
90.9	91.0	91.0
90.9	91.0	91.0
90.9	91.0	91.0
90.9	91.0	91.0

## LIVE EUROPEAN FUTURES

Sept 27	Sept 28	Sept 29
90.9	91.0	91.0
90.9	91.0	91.0
90.9	91.0	91.0
90.9	91.0	91.0
90.9	91.0	91.0

## LIVE JAPANESE FUTURES

Sept 27	Sept 28	Sept 29
90.9	91.0	91.0
90.9	91.0	91.0
90.9	91.0	91.0
90.9	91.0	91.0
90.9	91.0	91.0

## LIVE US TREASURY FUTURES

Sept 27	Sept 28	Sept 29
90.9	91.0	91.0
90.9	91.0	91.0
90.9	91.0	91.0
90.9	91.0	91.0
90.9	91.0	91.0

## LIVE EUROPEAN OPTIONS

Sept 27	Sept 28	Sept 29
90.9	91.0	91.0
90.9	91.0	91.0
90.9	91.0	91.0
90.9	91.0	91.0
90.9	91.0	91.0

## LIVE JAPANESE OPTIONS

Sept 27	Sept 28	Sept 29
90.9	91.0	91.0
90.9	91.0	91.0
90.9	91.0	91.0
90.9	91.0	91.0
90.9	91.0	91.0

## LIVE US TREASURY OPTIONS

Sept 27	Sept 28	Sept 29
90.9	91.0	91.0
90.9	91.0	91.0
90.9	91.0	91.0
90.9	91.0	91.0
90.9	91.0	91.0







## Erratic trading as the account closes

Turnover by volume (million)  
Each  
intra-market business & Overseas turnover

600  
550  
500  
450  
400  
350  
300  
250

12 13 14 15 16 17 18 19 20 23 24 25 26

September 1991

Average daily volume 1990  
374,382,000

# Coffee prices touch 15½-year lows

vice-president service and commercial, and Mr David Metcalf, finance director for Hoover in the UK, becomes vice-president finance. Europe. The three will report directly to Bill Hooper, Hoover Europe, and are part of the management restructuring which has taken place within the company since Maytag, the US domestic appliance manufacturer, acquired Hoover in February 1989, as a result of its take over of Chicago Pacific, Hoover's then parent. Maytag reorganised the Hoover structure last October by dividing Hoover into Hoover Home Trading in Hoover Europe.

■ **SABRE LEASING**, a subsidiary of THE UNION TRUST COMPANY OF LONDON, has named Mr Anthony Simkin as managing director and Mr Stuart Duns as deputy managing director and operations director.

■ **CHUBB INSURANCE COMPANY OF EUROPE**, the European arm of Chubb & Son, one of the US's leading

specialist, has appointed Mr Tony Knights to the newly-created position of international manager. Mr Knights joins ITT Cannon from CIBC executives. His responsibilities will include the co-ordination of sales and marketing for export markets.

■ Mr Hugh Middlemiss has joined Shrewsbury-based WATER MANAGEMENT CONSULTANTS as senior modeller. He previously worked in Australia with the New South Wales Department of Water Resources and the South Australian Department of Agriculture.

■ FINANCIAL RESEARCH SERVICES, a subsidiary of MAI UK Market Research, has appointed Mrs Sue Stent as director. Client services Mrs Stent joins from Abbot National, where she was market research and information manager.

■ Mr Martin Warner is joining GOODMAN GILLHAM AND ASSOCIATES, the recruitment company. He was previously a director of Kramer Westfield Associates.



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Continued on next page



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**Steven Butler** assesses the prospects of the foreign investors who have pushed up the Tokyo market

## Mixed performance around Pacific Rim

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## France the exception as most bourses show declines

## Around Pac

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**BRITISH FUND**

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## LONDON SHARE SERVICE

[illegible]**FT-ACTUARIES WORLD INDICES**

Jointly compiled by The Financial Times Limited, Goldman, Sachs & Co., and County NatWest/Wood Mackenzie in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS	THURSDAY SEPTEMBER 28 1991										WEDNESDAY SEPTEMBER 25 1991										DOLLAR INDEX	
	US Dollar Index	Day's % Change	Pound Sterling Index	Yen Index	Doll Index	Local Currency Index	% Chg on Prev	Gross Div. Yield	US Dollar Index	Pound Sterling Index	Yen Index	Doll Index	Local Currency Index	1991 High	1991 Low	Year Ago (approx)						
Figures in parentheses show number of lines of stock																						
Australia (90)	150.99	-0.1	129.17	127.42	132.08	128.39	+0.3	4.79	151.08	129.21	127.25	132.16	126.00	151.89	112.74	135.45						
Austria (20)	181.83	-0.2	155.30	153.19	158.78	168.03	+0.0	1.79	181.21	154.98	156.83	158.51	158.31	222.37	154.82	180.57						
Belgium (47)	127.53	-0.1	108.15	111.61	111.56	109.32	+0.1	1.19	127.53	108.15	111.61	111.56	109.32	122.37	107.73	127.53						
Canada (100)	127.53	-0.2	115.11	115.11	115.11	115.11	-0.2	3.42	135.43	115.83	114.06	115.83	115.25	122.37	126.49	127.53						
Denmark (37)	254.14	-0.7	217.42	214.47	222.30	223.90	+0.5	1.57	252.41	215.88	214.21	220.79	222.89	270.56	217.74	234.05						
Finland (16)	87.90	-0.1	71.11	74.10	76.90	75.95	-0.9	3.18	88.52	75.96	74.81	77.89	78.32	125.15	87.80	104.04						
France (106)	156.86	-0.1	132.08	132.08	132.08	132.08	-0.1	1.19	156.86	132.08	132.08	132.08	132.08	156.86	132.08	156.86						
Germany (106)	109.85	-0.8	93.97	92.71	96.09	96.08	-0.8	2.34	110.73	94.70	93.26	96.85	96.85	123.35	94.15	105.67						
Hong Kong (55)	163.14	+0.7	138.57	137.67	142.71	162.23	+0.6	4.37	162.07	138.62	136.51	141.71	161.78	161.98	126.98	112.69						
Ireland (7)	156.86	-0.1	132.08	132.08	132.08	132.08	-0.1	3.53	160.87	132.08	132.08	132.08	132.08	156.86	132.08	156.86						
Italy (77)	135.34	+0.8	115.79	114.21	118.40	114.21	+1.0	4.74	134.26	114.83	113.09	117.47	117.47	113.09	114.83	113.09						
Japan (106)	156.86	-0.1	132.08	132.08	132.08	132.08	-0.1	2.84	157.22	159.10	158.53	157.24	200.06	147.73	189.18	186.91						
Malaysia (18)	198.61	-0.1	169.17	169.17	169.17	169.17	-0.1	1.19	198.61	169.17	169.17	169.17	169.17	198.61	169.17	198.61						
Mexico (16)	219.04	+0.1	112.18	112.18	121.80	120.47	+0.0	4.46	139.10	118.97	117.17	121.80	120.47	145.73	120.73	129.96						
Netherlands (31)	156.86	-0.1	132.08	132.08	132.08	132.08	-0.1	2.29	156.86	132.08	132.08	132.08	132.08	156.86	132.08	156.86						
New Zealand (14)	45.07	+1.1	39.42	39.42	40.30	43.35	+2.9	7.02	45.57	39.86	38.39	39.87	42.13	54.94	41.18	55.62						
Norway (31)	198.61	-0.1	169.17	169.17	169.17	169.17	-0.1	1.58	198.61	169.17	169.17	169.17	169.17	198.61	169.17	198.61						
Spain (37)	127.53	-0.2	115.11	115.11	115.11	115.11	-0.2	4.04	127.53	115.11	115.11	115.11	115.11	12								
Sweden (25)	249.64	-0.2	212.72	209.92	217.49	168.01	-1.2	3.29	249.24	213.10	205.83	218.01	169.98	258.85	173.00	168.02						
Singapore (16)	156.86	-0.1	132.08	132.08	132.08	132.08	-0.1	4.25	156.85	130.90	133.35	136.69	147.71	171.12	131.51	130.03						
Sri Lanka (3)	156.86	-0.1	132.08	132.08	132.08	132.08	-0.1	2.58	156.86	132.08	132.08	132.08	132.08	156.86	132.08	156.86						
Switzerland (106)	156.86	-0.1	132.08	132.08	132.08	132.08	-0.1	2.28	156.86	132.08	132.08	132.08	132.08	156.86	132.08	156.86						
United Kingdom (247)	130.85	-0.1	154.72	162.00	158.18	154.72	-0.1	4.79	181.06	154.85	152.49	158.36	154.85	160.44	156.27	150.02						
USA (520)	157.14	-0.1	134.43	132.61	137.49	157.14	-0.1	3.10	157.23	151.48	132.44	137.24	157.23	151.82	125.50	121.30						
Australia (827)	141.67	-0.3	121.30	119.56	123.83	123.10	-0.3	3.89	142.07	121.51	119.67	124.28	123.44	161.02	125.90	126.82						
Canada (100)	186.50	+0.1	118.40	118.40	118.40	118.40	+0.1	1.19	186.50	118.40	118.40	118.40	118.40	186.50	118.40	186.50						
Europe - Pacific (718)	138.63	+0.1	118.60	118.60	118.60	118.60	+0.1	1.08	135.04	115.50	113.75	118.13	114.12	146.52	117.86	119.12						
Europe - Pacific (1545)	138.63	+0.1	118.60	118.60	118.60	118.60	+0.1	2.22	138.17	118.17	116.37	120.85	118.79	147.65	121.29	118.97						
North America (604)	155.71	+0.1	132.31	131.41	136.23	155.01	-0.1	3.11	155.82	133.26	126.25	136.26	136.25	155.82	125.51	121.59						
Europe East (UK 587)	116.57	+0.1	132.31	131.41	136.23	155.01	-0.1	3.11	155.82	133.26	126.25	136.26	136.25	155.82	125.51	121.59						
Europe East (Russia 204)	116.57	+0.1	132.31	131.41	136.23	155.01	-0.1	3.11	155.82	133.26	126.25	136.26	136.25	155.82	125.51	121.59						
World Ex. US (11723)	140.50	+0.3	120.03	118.40	122.73	120.48	+0.4	2.38	138.98	118.94	117.83	122.37	120.01	146.16	122.32	119.59						
World Ex. US (2235)	141.30	+0.2	121.06	119.48	122.80	128.68	+0.3	2.31	141.23	120.79	119.79	122.37	120.01	146.16	122.32	119.59						
World Ex. Japan (2201)	141.30	+0.2	121.06	119.48	122.80	128.68	+0.3	2.31	141.23	120.79	119.79	122.37	120.01	146.16	122.32	119.59						
World Ex. Japan (2201)	141.30	+0.2	121.06	119.48	122.80	128.68	+0.3	2.31	141.23	120.79	119.79	122.37	120.01	146.16	122.32	119.59						
World Ex. Japan (2201)	141.30	+0.2	121.06	119.48	122.80	128.68	+0.3	2.31	141.23	120.79	119.79	122.37	120.01	146.16	122.32	119.59						
World Ex. Japan (2201)	141.30	+0.2	121.06	119.48	122.80	128.68	+0.3	2.31	141.23	120.79	119.79	122.37	120.01	146.16	122.32	119.59						
World Ex. Japan (2201)	141.30	+0.2	121.06	119.48	122.80	128.68	+0.3	2.31	141.23	120.79	119.79	122.37	120.01	146.16	122.32	119.59						
World Ex. Japan (2201)	141.30	+0.2	121.06	119.48	122.80	128.68	+0.3	2.31	141.23	120.79	119.79	122.37	120.01	146.16	122.32	119.59						
World Ex. Japan (2201)	141.30	+0.2	121.06	119.48	122.80	128.68	+0.3	2.31	141.23	120.79	119.79	122.37	120.01	146.16	122.32	119.59						
World Ex. Japan (2201)	141.30	+0.2	121.06	119.48	122.80	128.68	+0.3	2.31	141.23	120.79	119.79	122.37	120.01	146.16	122.32	119.59						
World Ex. Japan (2201)	141.30	+0.2	121.06	119.48	122.80	128.68	+0.3	2.31	141.23	120.79	119.79	122.37	120.01	146.16	122.32	119.59						
World Ex. Japan (2201)	141.30	+0.2	121.06	119.48	122.80	128.68	+0.3	2.31	141.23	120.79	119.79	122.37	120.01	146.16	122.32	119.59						
World Ex. Japan (2201)	141.30	+0.2	121.06	119.48	122.80	128.68	+0.3	2.31	141.23	120.79	119.79	122.37	120.01	146.16	122.32	119.59						
World Ex. Japan (2201)	141.30	+0.2	121.06	119.48	122.80	128.68	+0.3	2.31	141.23	120.79	119.79	122.37	120.01	146.16	122.32	119.59						
World Ex. Japan (2201)	141.30	+0.2	121.06	119.48	122.80	128.68	+0.3	2.31	141.23	120.79	119.79	122.37	120.01	146.16	122.32	119.59						
World Ex. Japan (2201)	141.30	+0.2	121.06	119.48	122.80	128.68	+0.3	2.31	141.23	120.79	119.79	122.37	120.01	146.16	122.32	119.59						
World Ex. Japan (2201)	141.30	+0.2	121.06	119.48	122.80	128.68	+0.3	2.31	141.23	120.79	119.79	122.37	120.01	146.16	122.32	119.59						
World Ex. Japan (2201)	141.30	+0.2	121.06	119.48	122.80	128.68	+0.3	2.31	141.23	120.79	119.79	122.37	120.01	146.16	122.32	119.59						
World Ex. Japan (2201)	141.30	+0.2	121.06	119.48	122.80	128.68	+0.3	2.31	141.23	120.79	119.79	122.37	120.01	146.16	122.32	119.59						
World Ex. Japan (2201)	141.30	+0.2	121.06	119.48	122.80	128.68	+0.3	2.31	141.23	120.79	119.79	122.37	120.01	146.16	122.32	119.59						
World Ex. Japan (2201)	141.30	+0.2	121.06	119.48	122.80	128.68	+0.3	2.31	141.23	120.79	119.79	122.37	120.01	146.16	122.32	119.59						
World Ex. Japan (2201)	141.30	+0.2	121.06	119.48	122.80	128.68	+0.3	2.31	141.23	120.79	119.79	122.37	120.01	146.16	122.32	119.59						
World Ex. Japan (2201)	141.30	+0.2	121.06	119.48	122.80	128.68	+0.3	2.31	141.23	120.79	119.79	122.37	120.01	146.16	122.32	119.59						
World Ex. Japan (2201)	141.30	+0.2	121.06	119.48	122.80	128.68	+0.3	2.31	141.23	120.79	119.79	122.37	120.01	146.16	122.32	119.59						
World Ex. Japan (2201)	141.30	+0.2	121.06	119.48	122.80	128.68	+0.3	2.31	141.23	120.79	119.79	122.37	120.01	146.16	122.32	119.59						
World Ex. Japan (2201)	141.30	+0.2	121.06	119.48	122.80	128.68	+0.3	2.31	141.23	120.79	119.79	122.37	120.01	146.16	122.32	119.59						
World Ex. Japan (2201)	141.30	+0.2	121.06	119.48	122.80	128.68	+0.3	2.31	141.23	120.79	119.79	122.37	120.01	146.16	122.32	119.59						
World Ex. Japan (2201)	141.30	+0.2	121.06	119.48	122.80	128.68	+0.3	2.31	141.23	120.79	119.79	122.37	120.01	146.16	122.32	119.59						
World Ex. Japan (2201)	141.30	+0.2	121.06	119.48	122.80	128.68	+0.3	2.31	141.23	120.79	119.79	122.37	120.01	146.16	122.32	119.59						
World Ex. Japan (2201)	141.30	+0.2	121.06	119.48	122.80	128.68	+0.3	2.31	141.23	120.79	119.79	122.37	120.01	146.16	122.32	119.59						
World Ex. Japan (2201)	141.30	+0.2	121.06	119.48	122.80	128.68	+0.3	2.31	141.23	120.79	119.79	122.37	120.01	146.16	122.32	119.59						
World Ex. Japan (2201)	141.30	+0.2	121.06	119.48	122.80	128.68	+0.3	2.31	141.23	120.79	119.79	122.37	120.01	146.16	122.32	119.59						
World Ex. Japan (2201)	141.30	+0.2	121.06	119.48	122.80	128.68	+0.3	2.31	141.23	120.79	119.79	122.37	120.01	146.16	122.32	119.59						
World Ex. Japan (2201)	141.30	+0.2	121.06	119.48	122.80	128.68	+0.3	2.31	141.23	120.79	119.79	122.37	120.01	146.16	122.32	119.59						
World Ex. Japan (2201)	141.30	+0.2	121.06	119.48	122.80	128.68	+0.3	2.31	141.23	120.79	119.79	122.37	120.01	146.16	122.32							

**ABBEY NATIONAL**

**Treasury Services PLC**  
**GB £120,000,000 Subordinated Floating Rate Notes due 1995**  
 Notice is hereby given that for the Interest Period from 27th September, 1991 to 27th December, 1991, the Note will carry a Rate of Interest of 11.025% per annum. The amount of interest payable on 27th December, 1991 will be GB £3,294,438.80.  
 Agent Bank: Dai-ichi Kangyo Bank  
 (Luxembourg) S.A.

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**The International  
Investment Letter by  
David Fuller  
of Chart Analysis Ltd**

## FUTURES

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**MEXICO**

**REDEMPTION**

**NOTICE OF  
REDEMPTION  
EUROPEAN  
INVESTMENT BANK**

**USD 150,000,000**  
**7.75% 1992/1992**

Notice is hereby given that pursuant to the provisions of the above-mentioned bonds, the issuer has elected to prepare at the bonds on **October 28, 1991** at a redemption price of 1000% of the principal amount, together with accrued interest.

Bonds must be presented and surrendered for payment together with all unexpired coupons attached thereto at the offices of the following paying agents:

**BANQUE GENERALE DU LUXEMBOURG S.A.**  
27 avenue Montaigne  
L-1015 LUXEMBOURG

**GENEVALE BANK**  
3 rue Montigny du Parc  
B-1000 BRUSSELES

**BANQUE GENERALE DU LUXEMBOURG (BURSIO) S.A.**  
57 Ruewing  
CH-8000 ZURICH.

On or after **October 28, 1991**, the date fixed for redemption, interest on the bonds will cease to accrue.

**BANQUE GENERALE DU LUXEMBOURG S.A.**  
Rue d'Alger

**September 28, 1991**

The FT proposes to publish this survey on **October 24 1991**. This survey will be read in 160 countries worldwide, including Mexico where it will be widely distributed. In Europe 89% of the professional investment community regularly read the FT. If you want to reach this important audience, call **Paul Maravaglia** on **071 873 3447** or **071 873 8473** **3079**.

**Data source: Professional Investment Community 1989 (MFG Inc)**

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## REGIONAL & IRISH STOCKS



## EC in turmoil over plan for political union

David Gardner in Brussels reports on Community anger over a Dutch draft treaty

THE European Community may have to retrace some of its steps if there is to be any hope of agreement on political union at the Maastricht summit in 10 weeks' time, when heads of government meet to decide on a revised Treaty of Rome and on economic and monetary union.

This follows an attack on Thursday by seven member states on proposals by the EC's current Dutch presidency, which wants to bring new policies on external and internal security into the Community sphere and increase the European parliament's powers.

The Dutch now look as though they will have to incorporate at least one of the main sections in the draft treaty tabled by Luxembourg, their predecessor in the presidency.

On diplomat said yesterday: "The compromise will have to be the marriage of the two texts, but there are no signs yet of a marriage contract."

A senior UK official went further and said that "a perfectly plausible outcome, and a perfectly satisfactory one, would be to treat [the Dutch draft] as a compendium of useful ideas."

Dissatisfaction with the Dutch draft treaty - outlined at The Hague on Tuesday - came into the open after Thursday's meeting of representatives of the 12 in Brussels. But although the UK, the most reluctant political unionist, found six allies against the plan, the attacks came from several fronts.

In broad terms, Germany and Belgium supported the Dutch text. The UK, Denmark and France were against it, and the rest were in the middle. Italy and Ireland were concerned that the proposals re-opened nearly settled debates close to the summit.

No member state has changed its fundamental position in the negotiations, however, so that Monday's meeting of foreign ministers in Brussels is likely to concentrate on agreeing a mutually acceptable basis on which to negotiate.

The Dutch presidency said yesterday it would try on Monday to go back to the substance of the talks before tackling the "theological" issues of structure.

But EC diplomats on all sides said further progress would almost certainly require reverting to the Luxembourg draft's "three pillar" structure. This kept plans for a new common and foreign security policy, and proposals to link the 12's internal security policies on issues from immigration to terrorism, separate from the EC jurisdiction covered by the Treaty of Rome.

The Dutch have re-integrated all these elements in their draft. Although there are sufficient exceptions to retain a dominant role for national governments, the treaty as drafted would give the EC Commission and European parliament a voice in foreign and internal security policy.

Even if this structural issue is resolved, however, big problems remain. Germany made plain that it will only agree to economic and monetary union (EMU) if the European parliament is strengthened, which opponents would see as a big push towards federalism.

France has little time for the parliament it hosts in Strasbourg, but in exchange for a deal on EMU is likely to go along with the proposal.

The French objection to the structure proposed by the Dutch is not so much that it wants to keep EC institutions out of these areas, as that it sees a better chance of achieving its aims with the structure put forward by Luxembourg. Paris is also angry that the Dutch want to make EC security provisions "complementary" to NATO's, overshadowing its hopes for a separate European defence identity.

While France and Germany can negotiate on the basis of what they want, the UK has defined its position by what it does not want. It therefore has little to trade except the threat to use the ultimate weapon of vetoing the treaty. The UK does not want a unitary treaty leading towards federalism, a leakage of parliamentary sovereignty to Strasbourg, any suggestion of majority voting in foreign policy or involvement in social policy aims.

## London's City airport to expand

By John Hunt, Environment Correspondent

LONDON'S City airport is to go ahead with a controversial plan to lengthen its runway for use by BAe 146 "whisper jets".

This will allow the airport to expand its services to cover the whole of Europe and may enable it to break even by 1994 or 1995.

Approval for the plan, given yesterday by Mr Michael Heseltine, the environment secretary, marks a big boost for the hard-pressed airport in London Docklands.

The airport has made an £11m operating loss since it was opened in October 1987. Extension of the runway will cost £7m.

Mr Heseltine and Mr Malcolm Rifkind, transport secretary, also approved the construction of the £75.3m east London river crossing. This will be a box girder bridge - at 1,640 metres the longest in the UK - crossing the Thames at Gallions Reach, just east of City Airport.

In a third decision, Mr Heseltine rejected a proposal for a City of London Heliport on the Thames, near Cannon Street station. He ruled that the noise and visual impact would be too great.

Mr Heseltine recognised that there was a demand for a heliport serving central London and has suggested a study of alternative sites.

The project, costing £15m, was proposed by City of London Heliport, a consortium formed by BAA, Hanson, Midland Bank, Trafalgar House, and the Carroll Group of property companies. The consortium intends to press for an

alternative scheme.

The airport extension and the bridge are opposed by environmentalists who fear greater airport noise. They also believe that more cars will be attracted to Docklands and east London.

Mr Heseltine, in common with the inspector who conducted the public inquiry into a runway extension, believed that the scheme would assist the regeneration of Docklands and bring benefits to the wider economy.

The previous limitation on runway length meant the airport could only be used by turbojets with an operating range of 250 miles. The extension -

from 1,030 meters to 1,199 meters - means that the Bae 146, which has a 1,000-mile range, will be able to serve such cities as Zurich, Berlin, Milan, Vienna, Oslo, Madrid and Rome.

Work on the extension, will start immediately and the runway should be in operation by next April.

"The new runway is likely to mean an increase from 40 aircraft movements a day to 130."

Mr William Charnock, managing director at City Airport, was jubilant at the decision. He said the airport, which is owned by the Mowlem Group, served 200,000 passengers a year at the moment. It would break even with 500,000 to 600,000 passengers, a number he felt could be achieved by 1994 or 1995.

Technology on show at a Turin exhibition yesterday, grouping the European Community's main car makers, provided an awe-inspiring glimpse into what the industry says is feasible for the end of the decade or early 21st century.

Projects include:

- Advanced sensing systems allowing drivers to "see" through fog, and to make pedestrians visible in unit streets to a driver up to 40m away, far beyond the range of dipped headlights;

- Collision avoidance systems capable of taking control of the car from the driver in emergencies;

- "Co-operative driving" - Copdrive - in which vehicles continuously exchange information with each other while on the road;

- Computerised and satellite-based commercial vehicle fleet management systems;

- A "neural network" system which uses sensors to monitor driver behaviour and reactions to determine whether he or she is losing alertness.

The systems are the creations of Prometheus, the collaborative research programme set up in 1986 by the manufacturers, with financial aid from EC governments. The programme aims to improve safety by 30 per cent and traffic flow efficiency by at least 20 per cent by the year 2010, as well as expanding the European industry's technology base to help fend off rising competition from Japan.

Prometheus is an acronym for Programme for European Traffic with Highest Efficiency and Unprecedented Safety. The non-competitive research programme, which involves 18 European car manufacturers, 50 component companies and 124 research institutes, has been spending around £800m (£83m) a year since work started in earnest in 1988-89.

Apart from seeking to reduce deaths and injuries caused by traffic accidents, the industry has produced statistics indicating that £cu75bn, or 15 per cent of the EC's annual £500bn transport-related spending, is wasted through delays, excess fuel consumption, and other avoidable inefficiencies.

Government officials left Turin yesterday expressing general enthusiasm for the progress being made by Prometheus. However, the industry is unlikely to have real indication of the extent of further legislative and financial support Prometheus might receive until November, when it is on the agenda of a meeting of EC transport ministers.

## Futuristic cars streets ahead of dozing drivers

By John Griffiths in Turin

DOZING off at the wheel of your company car on the motorway as you head home after a hard day doesn't bear thinking about.

In the not-too-distant future you won't have to, according to vehicle manufacturers.

Cars available in the next decade or two will automatically "sense" that drivers are losing alertness by monitoring their behaviour and, using data-processing techniques, will take control of the car.

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## Kinnock to pose electoral reform option

By Ivo Dawnsay, Political Correspondent

MR NEIL KINNOCK will use his Brighton conference address on Tuesday to signal that a Labour government will launch a national debate on the issue of electoral reform.

Senior party leaders have confirmed that the Labour leader's speech is likely to indicate a new openness in the party to the possibility of abandoning the first-past-the-post system for elections to the House of Commons.

While Mr Kinnock is expected to stop short of committing the party to a constitutional convention on electoral systems, he will take care not to rule out any options for a review that could involve experts and other interested parties from well beyond Westminster.

Hattersley plans crime statement.....Page 4  
Moment of truth.....Page 6

His comments are certain to come under fire from the Tories and the Liberal Democrats as an attempt to reap the electoral benefits of backing reform without giving a definitive commitment to the change.

This week a new opinion poll by the Electoral Reform Society showed that 35 per cent of voters believe Labour would be more likely to win a general election if it backed proportional representation for all elections, including the Commons. Only 8 per cent of voters believed that it would have

less chance of victory.

Until recently, Mr Kinnock has remained agnostic on the electoral reform question in spite of mounting pressure from pro-reform lobbyists within the party. But in a party political broadcast this week he claimed he had always supported fixed-term parliaments.

Last year conference overruled a recommendation of the national executive and opted to include discussion of the Commons in the remit of an internal party committee, set up to examine systems for a devolved Scottish assembly, the European parliament and a reformed House of Lords.

The Labour Campaign for Electoral Reform - now the party's largest single lobby

group - is urging backing for a conference resolution calling on the leadership "to seize every opportunity to publicise and discuss Labour's new openness to electoral reform."

Opponents say that any public position-changing on the question will be used by the Conservatives to claim that the party no longer believes it can win a general election under the current system.

However, the LCER says that any accusation of opportunism is discredited by the fact that Labour started its debate when it was more than 20 points ahead in the polls. By raising the issue now, it says, Labour is building on its commitments to explore all means possible to broaden democracy.

## Books

Continued from Page 1

He will consider his position over the weekend but it is likely that he will strike back against Dillons next week with even deeper discounts on books published outside the agreement. W. H. Smith is reviewing its position.

If Reed starts to increase its market share with discounted books, other publishers may soon follow by publishing outside the agreement.

Mr Matthew Evans, chairman of Faber & Faber, said he was honouring the agreement and was involved in the legal

action against Dillons, but he did not believe the NBA could survive.

"I think it's the beginning of a very rapid move towards the end," he said.

NBA supporters argue that the agreement serves booksellers and the public by encouraging the stocking of the widest range of books in a large number of independent bookshops.

Mr Maher believes that discounting some titles will attract more people into bookshops where they will then buy more full priced books.

## Zaire

Continued from Page 1

"They took everything I have earned and worked for in the last 22 years," said a bitter Asian trader. "I will never come back to this hell."

Severe shortages of food and drugs and the destruction of shops and food-processing facilities threaten to plunge Kinshasa, a city of 5m people, into famine and disease.

At the huge South African-owned Metro cash-and-carry supermarket in downtown Kinshasa, looters yesterday trawled through open cans, rotting cardboard boxes and burnt debris, looking for scraps of food to carry away.

One boy scraped dirty peaches from the bottom of a rusty can, while another woman scooped up flour from amongst the water-soaked ash.

Three US C-130 Hercules transport planes were due to arrive yesterday evening in the first direct American air operation to evacuate US nationals.

Meanwhile, President Mobutu Sese Seko, remains on his luxury Belgian riverboat, 40km up-river from the capital.

In meetings with the ambassadors of France, Belgium and Ivory Coast over the past 48 hours, he is reported to have downplayed the looming catastrophe, avoiding commitments to reform the economy or install democracy.

There are growing fears that what little law and order remains will break down immediately Belgian and French troops depart. "There is no control over the army," said one Belgian official. "There could easily be civil war, or disintegration, as in Liberia and Somalia, as soon as we leave."

In Bucharest last night, many of the miners were wielding pick axes, reminiscent of last year's events, when Mr Iliescu called the miners into the capital to quash anti-government demonstrations.

Yesterday Mr Iliescu blamed Mr Petre Roman, the prime minister, for this week's violence.

## Romania

Continued from Page 1

last night recalled those miners who had already left the capital, accusing Mr Iliescu of breaking the agreement and demanding to know why force was used against the miners.

"The unrest spread to the coal fields in Maramures, northern Romania, where yesterday more than 25,000 miners downed tools and shouted anti-government slogans.

Earlier in the day, Mr Iliescu met leaders of the country's main political parties with the intention of setting up a broad-

based coalition government.

He also met the ruling National Salvation Front, and raised the possibility of holding snap elections.

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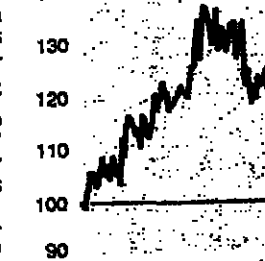
Yesterday Mr Iliescu blamed Mr Petre Roman, the prime minister, for this week's violence.

## NatWest changes its policy

FT-SE Index: 2,599.0 (+3.4)

TSB

Share price relative to the FT-SE Index



Source: Datastream

operating environment is less friendly later on.

Of the 10 companies, South West may be allowed to raise its prices by more than the agreed inflation-linked formula, since it has to spend extra cash on anti-pollution measures. One other company is believed to have claimed its maximum allowable price increase. The remaining eight have apparently all volunteered to raise prices by less than they might.

The question is whether Ofwat agrees that the proposed reductions are sufficient to offset the unexpected profitability of the businesses. If not, it can initiate a formal price review and claw back a share of profits. Current yields are discounting that possibility for a few of the companies, but not the further possibility that dividend payments might be restricted as well. Those at risk seem to be Anglian, Thames, Wessex and Yorkshire.

What once looked like a big day for TSB looks set to pass almost unnoticed. As of tomorrow, the 5 per cent limit on ownership is lifted, which in normal circumstances might open the door to a bid. After all, TSB has a thriving retail banking and insurance business. Despite what have sometimes seemed like best efforts to lose money since its flotation in 1986, its capital is still considerably in excess of internationally agreed requirements. Though it is making a loss at the moment, earnings should recover as bad debt provisions diminish with the end of the recession.

That a bid in fact looks unlikely is due only partly to lingering problems at Hill Samuel. A more important reason

may be relevant to the bank industry generally. With loans in many countries struggling to meet the new international capital requirements, few have the resources to spare for large acquisitions like TSB. Thus it seems hardly surprising that the bank is holding on to the shares it hopes a predator might appear. As for the recovery play, Hill Samuel has already formed TSB by some 35 cent over the past few months on just that basis.

After the respite from hostile bids in the past couple of years, the BTR offer document for Hawker Siddeley appears back into the twilight world of the merchant banker. All usual tricks of presentation and there, with the added spice of quotes from this newspaper taken out of context. Hawker's dismal record is dwelt upon, loving detail. BTR's performance is set in such glowing contrast that the naive reader would never guess that its profits are expected to fall this year for the second year running.

There is also a studied vagueness about what BTR actually means to do with Hawker. Since it is offering 18 times Hawker's historic earnings while its own shares stand on 13 times, a little more detail might be welcomed by BTR's shareholders. Despite all that, though, it scarcely seems conceivable that Hawker will retain its independence. The question is rather whether its share price, at 73p, manages to be 12p above the paper value of the offer.

Shareholders in the communications group Lopex have an intriguing proposition to discuss at their agm in 10 days' time. Lopex, it may be recalled, lost over 80 per cent of its asset value last year and has just passed its interim dividend. The directors have the usual share options, which because of the near-80 per cent fall in the share price in the past three years are now worthless. They therefore propose to issue fresh ones up to the amount of 10 per cent of the equity. Shareholders might ask themselves why, if the company is about to outperform, the directors - whose salaries last year ranged up to £230,000 - do not simply buy in the market. They might also ask why the board's holding - a mere 1.6 per cent - has fallen in the past six months.

Water sector

Next Tuesday Ofwat will reveal the price increases that the water companies have asked for next year. What follows will dictate the shape of price regulation up to the industry review in 1995. Ofwat has been aggressive in exploring the limits of its government licence, but it has yet to establish how its rules will work in the longer term. If it takes too tough a stance during the good times, consistency would suggest that the companies will be allowed to pass on costs to customers when the

recession.

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## WORLDWIDE WEATHER

UK Today: A wet and windy start over much of southern Britain, with some heavy rain. Clearer weather will spread to southern areas of England and Wales, accompanied by blustery showers, the heavier rain moving north to reach Scotland by the afternoon. Outlook: Cooler, with blustery showers.

°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F	°C	°F
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# Weekend FT

SECTION II

Weekend September 28/September 29 1991



Garry Tall

## Last guardians of the samurai rites

ONE THING that every foreigner learns in Japan is that no matter what you do, no matter how long you stay or how hard you study, you will never be quite right.

No visitor should take this personally. It is the consequence of a very old and fundamental separation between East and West.

My first experience of this divide was in a tea ceremony. It was given by a Master of Urusenke in a tea house near Kyoto. And from the moment I took to enter that tiny room I felt out of place. Not only did I know nothing about the rules appropriate to the occasion, but even my body was the wrong shape. In the company of those who had the form bred into their bones, who moved with exquisite precision, whose every gesture was controlled in ritual perfection, I was a clumsy conf. With pride and knees hurt, I left in confusion.

I came back, though, to study and practice tea, and ran straight into another formidable barrier - Japan's Ten Year Rule. This is an understanding, implicit in almost every aspect of Japanese life, that it is impossible to learn how to do anything worthwhile in less than ten years of dedicated apprenticeship. The traditional arts are actually known collectively as *keiko-goto* or "things learned by practice." And the rules of tea, I was told, were so demanding that one could practice them for a lifetime without attaining perfection. Nothing, they

said, could be achieved in a year.

But a year was all I could spare. So, looking for a Master who might bend the rules a little, I went to see one who taught in a tea house attached to an ancient monastery. People had described him as "wonderfully spontaneous", which seemed an odd term in connection with a discipline as precise and rigorous as tea; but they were right. He was so much a master of the stylised movements for preparing and serving tea that he could relax within the confines of the tradition and express his own personality. He was so confident in technique that he was free to elaborate on the ritual in the same way that a great pianist may do with a familiar concerto.

I plucked up enough courage to approach this sensei. He was agitated at first, then amused, and finally willing at least to take me seriously. He would take me on in spite of my obvious shortcomings. If I agreed to live in, wash up and start every day before dawn. In addition to lessons in tea, I must study a martial art with equal emphasis.

I reluctantly picked *kendo* - fencing with wooden staves - and after several months spent half in the dojo and half in combat, I made an amazing discovery. The sensei was not a martial artist, but a tea master. The more I learned to focus my energy in the martial art, the better able I was to refine my performance of tea. The more patient I became within the demands of the tea ceremony, the

more successful I was in contests with the staff. Each discipline complemented the other, deepening my understanding of a common frame of mind which is reflected in the ancient code of *bushido* - the "way of the warrior."

This is the essence of Japan. Beneath all the talk of honour and loyalty lies a belief that history is the only true source of spirit and skill. Once I understood that, I saw why my tea master had insisted I study *kendo*, and I soon wanted to

Ritual provides vital continuity and gives form and meaning to human life. It is not just social decoration, nor a gloss upon the things we do on special occasions. It structures and enriches every aspect of our daily lives. Or at least it should. I believe it is possible to trace all the destructive ills to which western society now seems vulnerable to a lack of such appropriate ceremony. Young people break things and challenge institutions they find irrelevant. They try, in the codes

*Lyall Watson argues that sumo is more than just heavyweight wrestling: it reveals the importance of ritual in Japanese life*

look at other martial arts. I went to the oldest and purest, sumo, and became entranced.

Most organised sport leaves me cold. But sumo moved me with its drama, its conflict and suspense, touched me with its dignity, with the sight of winners who take their victories with quiet courtesy and losers who accept their fates with simplicity and grace. I enjoyed the colour and the texture, but what really excited me was the sense of being, if only for the day, part of another world, of a lost way of life. I was conscious of being present at a ceremony involving the last of the samurai, part of a ritual whose devotees live and work, eat and play in another time.

and costumes of their groups, to set up rituals of their own. But because such fashions lack roots, history and meaning, they are soon supplanted by the next craze.

True ritual behaviour is a powerful pattern of communication. It carries information from another time, telling of how individuals may interact with each other, or with their gods, in orderly and meaningful ways. Rites enable us to know who we are and how we got here, and to make choices about what we should do next. Superficially they are patterns of repetitive or rhythmic behaviour which synchronise events. But they set directly on our nervous systems, setting profound unconscious processes in action.

These may seem absurdly grand claims to make for a sport, but it is worth taking a close look at some of the ceremonies involved in every session of sumo - including those next month at the Royal Albert Hall.

The action each day begins with the rhythmic clacking of *hyoshigi*, the traditional cherry wood clappers which highlight significant moments and attract an audience's attention. The rhythm is oddly disturbing. It is precisely that which, as laboratory studies show, stimulates the right hemisphere of the brain, the one that generates emotion instead of logic. In other words, it is the sort of sound which can separate ordinary "profane" time from ritual or "sacred" time, preparing those who hear it for something special. It synchronises an audience to the same beat, unconsciously "tuning" everyone together and decreasing their personal space.

The "Rite of Access" begins out of sight of the people, behind their backs in one of the passageways, beyond their conscious awareness. But as the sound spreads and the group moves down the *hanamichi*, the path along which flowers were once strewn at the feet of a religious procession, they gradually become visible to more and more of the congregation. The referee leads the way, taking on the role of high priest in his bright ceremonial robe, moving slowly into everyone's consciousness, focussing attention, acting as a metaphor for the increase in group cohesion.

The procession pauses at the edge of the central area, shifting the audience's attention to the raised ring under its bright lights and evocative Shinto canopy. The *shoji* (referee) steps up first onto the sacred ground of the *dohyo*. The wrestlers follow in their most expensive costumes, penetrating the realm of the holy. Each is given special sanction to do so, not only by revealing his ritual name, but by announcing his place of birth.

This has always been a scary moment for us, a critical point in the history of all patterns of worship, when the chosen few, acting on behalf of the whole community, trespass on the territory of the gods. So invasion of the sanctuary must be followed directly by a "Rite of Penance" in which the celebrants deal with the congregation's fear. If they are ordinary wrestlers, each faces the centre, claps his hands to announce that his body has been purified, lifts his ceremonial apron to indicate that he has been properly prepared, and holds both arms aloft to show that he has come unarmed and is placing himself at the mercy of the gods.

If the actor is a *gokozuna*, the ring-entering is far more elaborate. Each grand champion has moral support in the form of two friends, acting as herald and sword-bearer. He wears his heavy white *tsuna* belt, which is a copy of the rope that hangs from Shinto shrines and gateways, calling attention to his status as an acolyte of the guardian spirits. And he moves with deliberate solemnity as guardian himself

of the dignity of sumo.

The *gokozuna* begins his penance by bringing his palms together in a loud clap of attention. Then he rubs his hands in ritual cleansing, ending with the open-handed gesture of submission before rising to go to the centre of the sacred ground.

Like most things in Shinto, meaning is never clearly defined, but the entire ring-entering ceremony, or *dohyo-iri*, is believed to represent a prayer to the gods for tranquillity in the universe and peace and abundance in the nation. What the grand champion actually does is to make a mighty *shiko* stamp to scare away stray demons before bending low at the knees to make himself as small and as penitent as he can. Then he undergoes a remarkable transformation. Facing north, fixing his gaze ahead in a way which defies anyone to notice that he is wriggling his feet beneath him, he glides forward, gradually rising to his full height, turning from man to superman as he goes, uniting earth and heaven in one person. And then he stamps again, in defiance, as the crowd roars its acclamation.

At the end of their respective *dohyo-iri*, all wrestlers bow and file out, reversing their path, going back as it were into the unconscious, changing behind the scenes into another costume so that they can return later, fresh and forgiven, ready for action on another new day.

There are many more rituals involved in the return, including the drinking of "power water" from the hand of an unbeaten fellow wrestler, the sprinkling of salt to purify the fighting ground, and a range of older movements drawn not so much from religious ceremony as from biological origins involving the meeting of rival males at the edge of their territories.

Every *rikishi* learns the patterns so well that they become automatic. Like tea masters, the best develop elaborations and refinements, which become part of a personal repertoire of expression. I am certain that not even the most experienced *sumotori* is consciously aware of the deep significance of what he is doing. He does not need to be. His actions make a difference, changing all who take part, just as the Christian Mass affects its celebrants.

For me the beauty and potency of the sumo rites is that they invade the real world, taking place in front of a community which is carried along by the ancient energies. Yet everyone also eats and drinks and talks as it all goes on, almost as if they were at a picnic.

I admire this ability to mix the sacred and the profane, to deal with the world as one finds it, taking strength from the past and applying it without discomfort to the present. In Britain, also, ceremony is an important part of the national heritage. I am sure that is why all five performances of the first Grand Sumo Tournament in London were sold out long ago. With its colour, its ritual, style and dignity, sumo is like a cross between a Cup Final and the Trooping of the Colour. For all its exotic forms sumo is in essence very British.

■ **LYALL WATSON** presents the sumo programmes on Channel Four. Dominic Lawson on the appeal of boxing - page 22

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This winter hot fashion item: a long look at the secret of wearing leggings in style

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The Long View/Barry Riley

## Trouble for mutual friends

THE HEAT is on for our leading financial institutions. Four years after the stock market crash and more than three years into a housing market slump - which has badly affected the demand for mortgage repayment plans - many of the life insurance companies are struggling to find a survival strategy.

This week one of the proud Scottish independents, Scottish Mutual, agreed to sell out to Abbey National. It is not the first time that the company has been demutualised in this way - a much smaller Glasgow office called FS Assurance was bought by Britannia Building Society two years ago - but the strains are obviously being felt by larger companies. A few of the biggest mutually-owned life groups, such as Standard Life and Norwich Union, still pull in large volumes of business, but even here the long-term future may not be clear. Standard Life, for example, depends on Halifax Building Society for much of its business just as Friends Provident has relied on Abbey.

But now Friends Provident is left, well, largely friendless and unprovided for. And Standard chose this same week to announce it was abandoning its traditional with-profits endowment mortgage policy - the one which rolls up various annual and terminal bonuses - in favour of a unitised version.

Trouble comes in threes, and the week's other big event in this area was yesterday's announcement that National Westminster is to abandon its struggle to remain an independent adviser on investments. Instead it is setting up NatWest Life, with the help of Clerical Medical. The effective ending of the availability of independent advice in the high street (aside from Bradford & Bingley and one or two other minor players) has been predictable, but it remains deeply worrying.

I have on a number of occasions in the past criticised the way that the regulators in the UK have approached the marketing of retail investment products, and some of my fears are in the process of being realised. Many independent life companies and unit trust companies are being viciously squeezed, but the big banks and building societies, meantime, are being motivated to

buy or set up their own providers of investment products. The problems revolve around so-called polarisation, the principle recently re-emphasised by the watchdogs at the Securities and Investments Board. Those individuals and companies engaged in marketing investments, ranging from solo salesmen to the mighty NatWest, with its 3,000 UK branches, must choose between trying to sell single investment company or selling the products of all companies on an equal basis. They cannot sell their own brand alongside two or three top independent names chosen for their performance, value and quality, which is how most non-financial supermarkets approach the problem of selling baked beans or toothpaste.

Supposedly, polarisation protects the customer from various abuses, such as the channelling of extra kickbacks to the intermediary and the provision of biased advice. But here is how it will actually work at Abbey National. At present, Abbey customers seeking endowment mortgages or personal pensions are sold policies with Friends Provident, which has an excellent track record for the popular with-profits plans. It is the fifth-best performer for 25-year contracts according to a survey of almost 50 life companies by the trade magazine *Money Management*. But from 1993 Abbey's borrowers will be sold policies of Scottish Mutual - which has a pretty dismal record in this area, scoring below average on any term from 10 to 25 years. Over most terms Friends is paying some 20 per cent more than Scottish Mutual.

True, the policies will be issued in the name of a new company, Abbey National Life, but most of the expertise will be supplied by Scottish Mutual. Can it really be in the interests of customers to switch from an established and successful life company to one which is either poor or alternatively is a new and unknown quantity? Of course not, but Abbey is being driven by powerful commercial forces.

To have bought a more successful life company would inevitably have cost a lot more. Now, it will secure all the profits to be made out of selling life policies, not just the intermediary's commissions.

There is a lot of money, but little logic, in these mortgage-linked contracts. No matter that in practice only a tiny percentage of endowment mortgage plans remain in payment long enough to redeem the loan, the fact is 100 per cent of them pay handsome returns to intermediaries and life companies. At least the SIB has begun wondering out loud whether endowment mortgages are really "suitable" if so few fulfil their purpose, but it has never shown the courage to tackle the powerful life industry in the past.

The with-profits formula faces a separate crisis regardless of, or perhaps because of, its astonishing recent success. A with-profits investment plan achieves the apparently impossible by paying out a relatively steady return despite the volatility of the stock market. Millions of investors terrified at the thought of another stock market crash have therefore been flocking to buy with-profits policies.

Unfortunately, in the world of investment, the herd is all too often wrong. The with-profits formula is an ingenious method developed by clever actuaries to smooth out market fluctuations but it must not be pushed too far and it can be dangerous to extrapolate past trends. For many companies, 25-year plans are now maturing only in tiny numbers (few were issued in 1966, and most have since lapsed) and it is cheap to declare high terminal bonuses on a handful of surviving policies.

But these payouts bear no relation to the bonuses which could be sustained on the millions of with-profits contracts now being issued. Critics will see the moves by Standard Life and other companies as an attempt to broaden their product base before with profits bonuses are heavily cut.

It has not been a good week for friends and standards in more senses than one, and the concept of independence advice in retail investment has taken another battering. Investors deserve better protection than this.

Philip Coggan looks at the implications for investors on Page II

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\* To 01/91 Source FTA Data and Loan Stocks Index, based by Guinness Flight Unit Trust Managers Limited, a member of BMO and LITCO.



# FINANCE AND THE FAMILY

## London Market

# Painfully paying back the banks

THE CRIS of pain you heard during the late spring and early summer can now be explained. They came from a corporate sector carrying out an unusual act, one that has not been seen in recent memory: paying back money to the banks.

Government figures published yesterday show that the UK's industrial and commercial companies received net financing from the banks of minus £40m in the second quarter of 1991. In no previous quarter since the early 1980s has the sum been negative. As recently as the third quarter of 1989, UK companies were borrowing from the banks at the rate of £40m a month.

UK companies were able to repay their borrowing for two reasons. First, they were running down stocks sharply in the third quarter of 1989 was the reverse effect: a rapid run-up in stocks as the economy started to slow. Second, they were in the middle of the wave of rights issues that has been a feature of this year.

Until the banks recover their enthusiasm for lending to UK companies, the corporate sector will have to generate the cash it needs from operations, or from new stock and bond issues. The pressure will be greatest once the recovery gets under way, as companies start to rebuild stocks to meet rising demand.

Cash flow is likely to be a

significant yardstick to use for judging companies over the early part of the next cycle. A recent analysis by Hoare Govett, focusing on cash, picks out companies in food manufacturing and electricity supply as relatively attractive when share prices are compared with cash flow forecasts. Contracting and construction companies, and some in the stores sector look relatively unattractive on this measure.

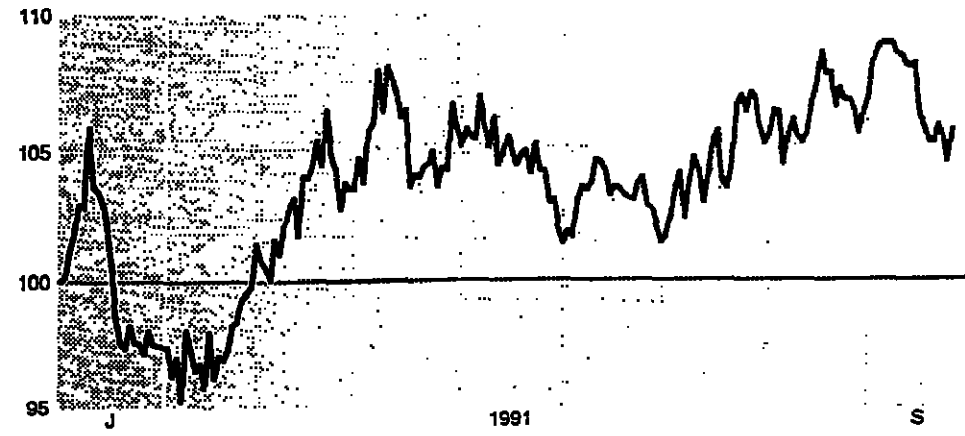
Food retailing is also potentially unattractive. Although it is naturally a cash-rich business, the ambitious supermarket building programmes of the big stores groups will put pressure on cash flow over the next few years. Sainsbury, Tesco and Asda have all strengthened their balance sheets recently with rights issues or property sale-and-leasebacks. The two weaker competitors - Asda and Gateway - both have specific problems.

Asda, indeed, has been at the centre of speculation this week. It is still without a chief executive, and there have been press reports forecasting a £200m rights issue. This week, its shares fell 15p to close at 56p. There are persistent suggestions - perhaps wishful thinking as much as anything else - that the company may be a target for a foreign retailer wishing to enter the UK's highly lucrative supermarket business.

Asda's fate is of keen importance to the other big food

FT-SE 100 Index

Relative to the Dow Jones Industrial Average Index



Source: Datastream

retailers: if the company lingers on in a half-life, squeezed so badly that it is unable, over time, to refurbish its stores to meet the aggressive competition from the Big Three, they will gradually gobble up its customers. If a new chief executive decides retrenchment to Asda's north-of-England heartland is the long term answer, the sale of its southern sites will allow rivals to fill gaps in their networks or eliminate local competition. Both those two scenarios are bullish for the Big Three.

But if Asda were to be bought by an aggressive overseas competitor with deep pockets - particularly one used to competing on price,

like the German chains - that would be bad news for the other supermarket groups. At best, they would be unable to profit as soon as they had expected from the greater concentration in the market on which their aggressive expansion is partly predicated; at worst, they might face a threat to the comfortably plump margins that distinguish British food retailing.

Such longer-term considerations were markedly absent from the market's principal drama this week, the British Aerospace affair. Meetings were cancelled at the company's head office, and all work at the top seemed to cease as directors confronted the chairman, Prof Sir Roland Smith over several days. The share price lifted slightly in anticipation of his fate. On Wednesday night, he went. On Thursday, the share price rose 3p. At its current price - it closed on Friday at 413p, down 15p on the week - the company is valued at £1.1bn, roughly the same as Pilkington or Siebe, and only two thirds as much as Williams Holdings.

The current share price is only 3p above the price of its current rights issue. The continued slide in the price after Sir Roland's departure indicates that the market's doubts about the group's strategy go deeper than just a mistrust of the former chairman's deal-making. They may not be resolved until a strong-minded new chairman is found to take over from Sir Graham Day, BAe's interim chairman (who

currently enjoys the rare distinction of chairing three FT-SE companies: BAe, Powergen and Cadbury Schweppes). BAe was not the only casualty of the week. Another victim was Lep, the security and freight forwarding group in which ADT has a 27 per cent stake. Its shares more than halved on Monday, falling 51p to close at 36p after announcing that it was in talks with its bankers and that profits would be sharply lower than expected. The shares closed the week at 27p, a drop of 60p or 69 per cent.

Vickers also suffered from a profit disappointment. On Thursday, it announced a pre-tax interim loss of £4.3m, because of a sharp downturn in sales of Rolls-Royce cars. The shares, which had been drifting downwards in anticipation of the bad news, dropped 20p on the day to close the week at 179p, down 11p.

With this spate of bad news - including a £280m rights issue from Hillsdown - it was perhaps surprising that the market ended the week virtually unchanged. The FT-SE closed the week at 2599.0, down 1.3. The index is 3 per cent below its high of 2679.6, reached on September 2 1991. The performance relative to New York, shown in the chart, reflects London's relative underperformance in September. As Sir Roland Smith would no doubt be the first to agree, it has not been a particularly good month.

Peter Martin

## Serious Money

# The best advice does not come free

By Philip Coggan, Personal Finance Editor

ADVICE IS a precious commodity, and British consumers have just lost another source of it.

The news of a joint venture between National Westminster Bank and Clerical Medical may not sound too alarming. But it means that a major provider of independent advice has disappeared.

As Barry Riley explains in the Long View (Page 1), the Financial Services Act created a division between "independent" advisers and the tied agents of a particular company.

The fundamental flaw in the regime was that the system of paying financial advisers was theoretically entitled after the act, has come to mean the recommendation of the best life insurance company, not the best product for the consumer's needs. Selling, for example, national savings or index-linked gilts does not earn an adviser commission.

Now even the limited independence of some advisers is fast disappearing. The security that comes from being linked to a particular company, the regulatory costs involved in being independent, the simplicity of having to understand only one company's product range, rather than a hundred's - all these have led to a gradual shift towards the tied sector.

The NatWest link-up is only the latest example, and it leaves Bradford & Bingley Building Society as the largest independent financial adviser. NatWest will also set up its own life insurance company, as will Abbey National, which the company is to acquire. The complexity, the easier it is to argue that people who work in the business deserve to earn six figure salaries.

The system created by the Financial Services Act means that large financial companies can have both tied and independent subsidiaries.

It is tempting to dismiss the whole thing as a dog's breakfast, except that any self-respecting hound would turn his nose up at it.

Consumers may not understand all the nuances but they are definitely dissatisfied. A Mintel survey this week found that 60 per cent of women felt patronised by the financial services industry. They agreed with the statement that "financial companies talk down to women because they think women are not capable of understanding money".

I am not surprised that women feel this way. Financial companies seem rooted in an era when the husband went to work leaving a housewife at home to vacuum and tend the two kids. Pity, for example, the woman who keeps her maiden

public - who are paid much less than the high-fliers in the City - frequently have the same problems as the rest of us. They know enough to deal with a specific product or field, but they then stick tenaciously and inflexibly to their chosen formula or script, and flounder when confronted with the unexpected.

An obvious example is the endowment mortgage, one of the most prominent examples of a life insurance related product. My colleague Schenkerzade Daneshkhu recounted in July her attempts to obtain a repayment mortgage, which was obviously the most suitable loan for her circumstances. The adviser at the Woolwich, confused by such stubborn resistance from a member of the public, tried to clinch the argument by repeatedly insisting that "an endowment mortgage is more of a reality".

Such gobbledegook is commonplace. The growth of the tied business means that, as consumers, we will be continuously confronted with individuals and companies whose livelihoods depend on selling us particular products.

We may not want life-linked products, but we are damn well going to have them. In the parlance of the industry, "life insurance is not bought; it has to be sold".

The depressing cycle will continue; consumers buy products they do not understand, give up contributing after a few years, become disgusted with the returns from early encashment and switch to a new policy for the cycle to begin again. Worse still, in a tied system, the fees and charges paid by the consumer are much harder to discover.

Whichever government is next elected needs to give serious attention to the deal that consumers receive from the financial services industry. In the meantime, Weekend FT readers are advised to seek out those few advisers who can claim to be both independent and disinterested - the fee-charging sector.

## Finance is a conspiracy against the laity

name after marriage and tries to convince her bank or mortgage company not to rename her Mrs Smith.

But I still have the feeling that the Mintel survey might just as well have concluded: "Financial companies talk down to people because they think people are not capable of understanding money."

The fact is that a lot of people are baffled by finance, and many simply find the whole subject completely tedious. Like all professions, finance is a conspiracy against the laity; it deliberately dresses itself up with jargon to make itself more complicated. The greater the complexity, the easier it is to argue that people who work in the business deserve to earn six figure salaries.

The problem is that the staff who actually deal with the

## HIGHLIGHTS OF THE WEEK

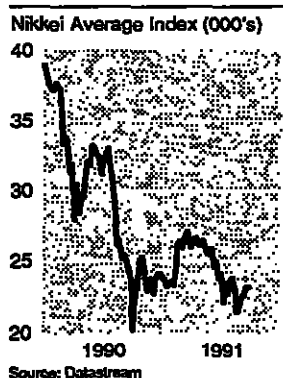
	Price y/day	Change on week	1991 High	1991 Low	
FT-SE 100 Index	2599.0	-1.3	2679.6	2054.8	Corporate & electoral uncertainty
British Aerospace	413	-15	664	395	Chairman resigns
Cable & Wireless	571	+21	601	429	Rally after underperformance
ECC	478	+20	478	335	Pleasant interim results
Eurocamp	300	+40	300	225	Wins Euro Disney franchise
Ex Co Louisiana	56	+32	82	20	Drilling hopes
Glaxo	1354	-32	1392	800	Concern over asthma drug safety
Lep Group	27	-60	167	20	Int profits slide/div passed
Lloyd Thompson	430	+16	430	298	Excellent prelim/div up 20%
Maxwell Comm	167 1/2	-6 1/2	241	132	Critical TV programme
McLaughlin & Harvey	95	-35	169	95	Increased half-year losses
Meyer Int'l	466	-19	494	358	Broker downgrades
Polypipe	214	+10	220	135	Good prelims/1 scrip
United News	413	+23	418	278	Good figures
Vickers	179	-11	245	184	Int loss/dividend warning

## Wall Street

# Traders prepare to grab the bottom

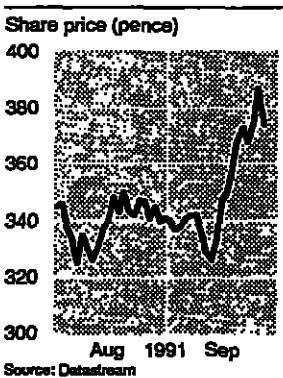
## AT A GLANCE

### Japan



Source: Datastream

### Racal Vodafone



Source: Datastream

## Scottish Widows focuses on Japan

Scottish Widows is to convert its Pacific unit trust, which can currently invest in Japan and the rest of Asia, into a pure Japanese trust, investing solely in Japan. Several bonuses are on offer to investors during the first two weeks after the trust's re-launch.

People buying units on October 2 will receive a 1 per cent bonus on investments from £500 to £49,999, and a 1.25 per cent bonus on investments of more than £50,000. In the following two weeks, until October 18, the bonuses will be 0.5 per cent and 1 per cent. Minimum lump sum investment is £500, and a £30 per month savings scheme is available.

Scottish Widows is optimistic that this is a good time to concentrate on Japan, and the graph of the Nikkei Dow index certainly seems to bear out the comment by David Graham, of Scottish Widows, that "most of the bad news about the Japanese economy is now fully reflected in the price".

## Racal bid lifts Vodafone

VODAFONE, the former "twin" of Racal Electronics, has enjoyed a surge in the stock market in the last week. Racal Electronics were subjected to a formal bid from Williams Holdings to force its share price up, but Vodafone's price has risen thanks to favourable sentiment, and the widespread belief that it will be a bid target before much longer.

The main increase in demand for Vodafone shares came on Tuesday, after it was announced that a bid had been made for Metro Mobile, the last big independent US cellular radio group, by Bell Atlantic. However, analysts still disagree on the stock's underlying value, and the shares ended the week only 5p stronger at 378p.

## Hambros launches two new PEPs

HAMBROS has launched two new personal equity plans. The Hambros Unit Trust PEP allows you to invest up to £3,000 in up to three of Hambros' Model Portfolio Trust, Equity Income Trust, and Smaller Companies Trust. There is no additional charge for investing via a PEP than there would be for buying the unit trusts direct.

The Hambros Bank PEP is more complicated, and allows up to £5,000 to be invested in one of four individual plans. They are: the managed mixed equity and unit trust portfolio, which includes a Hambros unit trust and FTSE-100 shares chosen at the manager's discretion; the managed blue chip portfolio aims to provide a balance of income-generating and capital growth shares, chosen by the plan manager; the managed smaller companies portfolio will invest directly in smaller companies' shares; and a "self-select" option allowing investors to put up to two shares of their own choice from the FTSE-100 Share Index into a PEP.

## Smaller shares enjoy good week

SMALLER company shares had a reasonable week. The Country Nat West Smaller Companies Index was up 0.84 per cent over the week to September 26, at 1019.85, while the Hoare Govett index (capital gains version) rose by 1.06 per cent over the same period to 1283.31.

THIS WEEK Wall Street's traders have been unable to keep their minds off an "October bottom". No, it has nothing to do with the next Playmate of the Month, nor is it a kinky new twist to the "October Surprise" conspiracy.

Instead, the "bottom" they are concentrating on is the moment next month when share prices hit the floor with a thud. The market has gone nowhere in the past few weeks because, in the absence of any incentives to buy, investors have been looking for an excuse to sell. Judging by the halting form of stock prices this week - only a brief flurry of programme trading on Tuesday broke the pattern of dreary decline - the market is teetering on the edge of a sizeable sell-off.

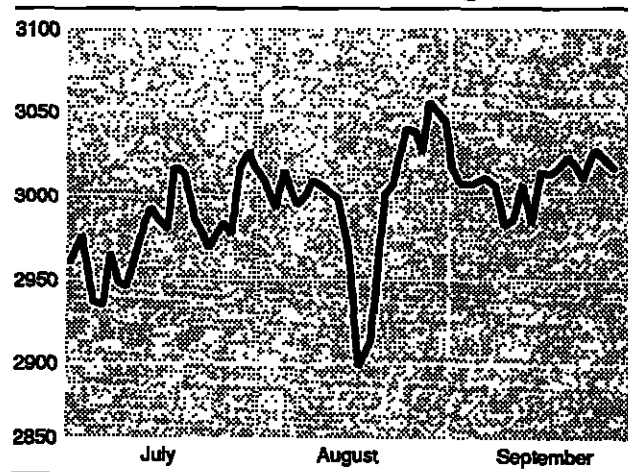
Wall Street watchers believe investors could be pushed over that edge by poor third quarter corporate results, which will start coming in next month. If share prices do take a dive, market professionals - a loose term to describe the dealers and canny investors - will be on hand to rush in

and pick up the bargains. This view suggests that there is a solid floor to the market, probably at or near 2,900 on the Dow, the mark at which the bargain hunters would make their move. There is less certainty, however, about where the ceiling is. Money may have been seeping into equities recently because of declining yields on savings accounts, certificates of deposits and money market funds, but the steady output of gloomy economic statistics has kept hopes for a substantial market rally in check.

Market watchers more evidence that the economy, while up from its sickbed, is still groggy. Trading on Tuesday saw a drop in consumer confidence reported by the Conference Board - a sign that consumers have been slow to respond to statistical evidence of an economic recovery with a recovery in their expectations.

A 3.3 per cent decline in durable goods orders for August was also reported - although hidden in the report were some goodish manufac-

## Dow Jones Industrial Average



turing numbers - as was a bigger-than-expected rise in weekly claims for unemployment insurance, and a totally unforeseen revision in second quarter gross national product. The estimate was changed from an originally calculated 0.1 per cent decline to a 0.5 per cent decline.

The revision to the GNP

total was particularly worrying. It suggested that the economy was in a deeper trough between April and June than previously thought. It also implies that any recovery in economic performance during the third quarter will also have been overstated.

Against the background of a faltering economy, the outlook

for third quarter company profits is not rosy. This list of companies reorganising in anticipation of tough times ahead grows longer by the day. This week Union Carbide disclosed plans to cut its workforce over the next three years by 14.5 per cent - which will lead to 5,500 employees losing their jobs. Combined with other steps, Union Carbide hopes to boost pre-tax earnings by \$250m by 1994. In the more immediate future, the cost-cutting means means the company will take a fourth quarter charge of between \$100m-\$150m.

Yet amid the gloom this week there was some better news from a few corporate giants. General Dynamics, the subject of heavy demand from investors after the company forecast that its quarterly earnings would come in above analysts' estimates of \$1.50 a share. William Anderson, chairman of the nation's second biggest defence contractor, said the benefits from its recently introduced programme to reduce the size of the company, cut payroll costs and increase productivity were

being realised sooner than originally envisaged. A good part of the extra cash General Dynamics expects to make will be handed back to shareholders, either through a buy-back of stock, an increase in the dividend, or some form of special distribution or self tender.

McDonald's was another big name to predict a quarter that will confound experts' opinion. The company's stock was actively traded on Thursday after the management disclosed that June to September profits and sales will top those achieved a year ago.

Typical of its drive to find innovative ways to sell its product, McDonald's announced that its burgers will be available to young passengers on United Airlines flights to Orlando, the Florida home of Disneyworld. Eating a Big Mac while travelling at speed should give new meaning to the term "fast food".

Monday	3010.81	- 8.75
Tuesday	3029.07	+ 18.55
Wednesday	3031.02	- 2.05
Thursday	3017.23	- 2.68

Patrick Harverson

## The Bottom Line

# Small means profitable in the insurance sector

THERE HAVE been few recent success stories in the UK insurance industry - but two sets of figures published this week indicate that not everything in the insurance garden is blighted.

On Monday Lloyd Thompson, the insurance broker which was inauspiciously listed on the day the stock market crashed in October 1987, posted a 35 per cent increase in pre-tax profits for the year to June 30.

A day later Domestic & General, which insures domestic appliances such as refrigerators and televisions against breakdown, notched a 46 per cent increase in profits for the same period. The company is on course to record profits of £5.7m for the full year.

Both companies are small - with turnover around £30m - but have done consistently well since obtaining stock market listings. Lloyd Thompson profits have grown at an average rate of 28.2 per cent since 1987. Profits at Domestic &

General have increased at an average rate of 43.4 per cent since 1988.

Their shares have reflected this strong performance. Over the past four years Lloyd Thompson shares have outperformed the FT-All Share by 60 per cent. The shares are on historic price/earnings ratio of 21.5 and a prospective p/e of 18.

D & G's price has hardly stopped rising since its shares were placed on the unlisted securities market at 185p in May 1988. The shares were trading at around 760p yesterday, an rise in nominal terms of more than 360 per cent.

The shares are on a historic p/e of 15.7 and a prospective p/e of 13.8. Over the past two months, D & G has outperformed the rest of the insurance sector by 91 per cent and the All-Share by 78 per cent.

Both companies' results are in sharp contrast to the bulk of the general insurance sector. The UK's composite insurers have recorded disastrous results in the past 18 months. Companies such as Guardian



Martin Copley, Director of Domestic & General  
Royal Exchange and Royal Insurance have chalked up their first ever pre-tax losses.

plans, more successful smaller companies tend to focus on relatively specialised sectors.

Lloyd Thompson and D & G specialise in very different sectors of the insurance market, but a common thread runs through their success. Both can justifiably lay claim to being the industry leaders in their specialised fields.

Chris Hitchens, an analyst with Hoare Govett, says: "The secret of both companies is actually quite simple - by being very good at what you do, you create a product which is materially better than the competition and on that basis you grow market share and to some extent even the market itself."

Lloyd Thompson built its reputation in the energy risks market - broking insurances for oil companies. It has enjoyed the benefits of a flat and flexible management structures. Staff - especially leading individual brokers - have been encouraged by generous incentives.

D & G has also benefited

from a more focused approach. Following unsuccessful diversification into motor insurance and mortgage broking, the company is concentrating exclusively on its domestic appliance business. But as insuring domestic appliances against breakdown, it offers to repair damaged equipment and has built up a database of recommended repair services.

Customers not only receive payment for any repair costs, D & G also ensures that the repairs are done quickly and efficiently. As a result, customers tend to renew their policies, while D & G has a considerable degree of control over its claims costs.

Hitchens suggests that the strengths of D & G and Lloyd Thompson reside in the fact that they have anticipated the shape of future trends in the insurance industry, which is likely to become much more geared around customer need. Indeed, with growth set to continue, the only problem appears to be the relative lack

of liquidity in both company's shares.

Martin Copley, who owns just over 30 per cent of the company's shares, admits that the group has considered a rights issue to fund further expansion in a business which has proved surprisingly resilient to recession. At the moment the company does not intend to raise more capital.

Lloyd Thompson, meanwhile, said it was reviewing a one for one capitalisation issue - designed to increase liquidity in the share and ease trading by institutions.

Some analysts suggest that, with the worst over, now is the time to invest in the bigger companies. The weaker companies such as GRE and Royal are judged to be interesting recovery stocks by some. Even so, with another year of losses in 1992 a distinct possibility, this appears to be a slightly risky strategy. The smaller insurance companies may be better bets.

Richard Lappin



## FINANCE AND THE FAMILY



## Investment or unit? A question of trusts

Philip Coggan looks at both sides of an old dilemma for investors

THE DECISION by M&G, one of the giants of the unit trust industry, to launch and market extensively an investment trust reawakens an old dilemma for investors. Which is better - a unit or an investment trust?

Both offer private investors a diversified portfolio, and access to small markets that might otherwise be denied them. Each has its advantages and disadvantages (summarised in the table below). Investment trusts have the longer pedigree - dating back to the 1860s; unit trusts, founded in the 1920s, are relative upstarts.

For much of the last 30 years, however, the unit trust industry has won the sales battle with ease. It has done so by aligning itself closely with the life industry (through the sale of unit-linked life assurance, endowment mortgages and pensions) and by paying a 3 per cent commission on sales to independent financial advisers.

But over the last seven years, investment trusts have been fighting back. Savings schemes have been introduced - offering small investors a chance to enjoy the benefits of equity investment at very low cost. Trusts have also started to woo the IFAs with commission and to link their shares to other savings products.

This year's burst of investment trust activity has been prompted by two factors. The first is that a quirk in the Personal Equity Plan rules allows a full £5,000 to be placed in stock market new investment trust issues, compared with £3,000 for normal investment and unit trust holdings. Since unit trusts are not quoted, they cannot qualify for the full £5,000.

The second reason for the surge in investment trust pop-

ularity is the revival of the split capital trust. Such trusts separate the functions of capital growth and income, giving them the chance to appeal to a wider circle of investors. A high yielding income share in a split capital trust, placed in a PEP, is a very attractive option for an income investor. So has the argument finally shifted in favour of investment trusts? In terms of performance, there appears to be no contest. Over the last five years, £100 in the average investment trust would, with income reinvested, have turned into £173.50. The same amount invested in a unit trust would have risen to just £136.90.

Over ten years, the difference is even starker. A hundred pounds in an investment trust would have grown to £517.40 in that period; in a unit trust to just £387.40.

But those figures could be rather misleading. Part of the reason for the strong performance of investment trusts is that the discount has narrowed in the 1980s.

The discount is determined by the supply and demand for investment trust shares. In the mid-1970s, the private investor

had been driven out of trusts by high taxation, and the investment institutions were left as unenthusiastic holders of trust shares; the discount was as wide as 40 per cent.

The discount has narrowed through the 1980s, thanks partly to the trusts' efforts to attract private investors. The activities of predators have also been important; they have swooped on trusts whose assets appeared "cheap".

That narrowing of the discount means that the share prices of investment trusts have risen faster than their asset values. That has given them an advantage over unit trusts, since unit prices rise and fall directly in line with the asset value of the fund.

The average investment trust discount has now fallen to 13 per cent; so there is far less scope for the discount to narrow in the 1990s. Indeed, there is always a risk that the discount could widen again.

This could easily happen if the industry, in its enthusiasm to launch new trusts, swamps private investor demand.

Nevertheless, even if one strips out the discount factor, investment trusts have outper-

formed unit trusts. In asset value terms, £100 in an investment trust fund has grown to £431 over ten years; even on the most favourable offer-to-offer basis, £100 in a unit trust has only grown to £412.

This relatively narrow lead expands to around 11 per cent if unit trusts are measured on an offer-to-bid basis. Three factors may explain it. Charges on an investment trust tend to be lower, which in the long term should boost investor returns. Secondly, the ability of investment trust to borrow money (while having its dangers) means they can gear up to take advantage of rising markets.

Thirdly, in falling markets - notably the 1987 Crash - unit trust managers face the problem of redemptions, and have to sell shares at distressed prices. Investment trust managers are saved this dilemma.

The traditional argument is that unit trusts are better for the small investor, because of the discount factor. That is probably too facile. It seems unlikely that the discount will ever widen back to its 1970s levels, or even the 25 per cent or so of the mid-1980s. The risk is fairly limited, especially if the investor is buying a holding for the long term.

On the other hand, the liquidity of unit trusts is an important factor. On Page V, Kevin Goldstein-Jackson describes his problems in selling his holding in a small investment trust. With a unit trust, all you do is pick up the phone. That problem would not occur with a large trust such as Foreign & Colonial. Nevertheless, the guiding line for investors is probably that if performance is the most important factor, investment trusts have the edge; but if liquidity is vital, they should opt for unit trusts.

Unit trusts	Investment trusts
■ Not quoted on the stock market.	■ Quoted on the stock market.
■ Investor buys units.	■ Investor buys shares.
■ Priced on asset value.	■ Priced on supply & demand.
■ Number of units in issue rises and falls as investors buy and sell units.	■ Number of shares in issue remains constant.
■ Cannot borrow.	■ Can borrow.
■ Investor pays initial charge of 5-6 per cent, included in spread.	■ Investors pay brokers commission of 1.5 to 2 per cent (less in savings scheme) plus 0.5 per cent stamp duty plus market buy-sell spread.
■ Annual management charge of 1 to 1.5 per cent.	■ Annual management charge of 0.5 to 0.75 per cent.

## Trust to track

JAMES CAPEL is set to launch a unit trust which will give investors a unique chance to track the performance of smaller companies.

The Tride index fund will track those stocks which are members of the FT-A All-Share index and which have market capitalisations of between £20m and £400m.

The fund will be the first indexed trust to track small company performance. There are 385 stocks in the Tride index, but the fund will hold about 150 shares, giving it a tracking error of around 2 per cent a year.

James Capel says the Tride index, while not as broad as either the Hoare Govett or County NatWest smaller companies indices, contains more liquid stocks. The Tride has slipped from being at a 20 per cent price-earnings ratio premium in the mid-1980s to being at a 15 per cent discount.

A revival in small companies is eagerly awaited. The main hull argument is that small companies are more focused on the UK economy and thus more likely to benefit from recovery.

The trust still awaits approval from the Securities and Investments Board but, on launch, it plans to have a gross yield of 5.5 per cent.

The initial charge will be 3.25 per cent. Investors will be offered a 1.8 per cent discount on launch day and a 1 per cent

BEST RATES FOR YOUR MONEY						
	Account	Telephone	Notice/term	Minimum deposit	Rate %	Int. paid
<b>INVESTMENT A/C's and BONDS (Gross)</b>						
Southdown BS	SuperSaver	0273 471571	Instant	£1	10.25%	Yly
Bradford & Bingley BS	Direct Premium Ac	0345 247247	Instant	£1,000	11.50%	Yly
Britannia BS	Capital Trust Ac	0600 636253	Instant	£2,500	12.15%	Yly
Cheltenham BS	2 yr Option Bond	0245 521351	90 Day	£50,000	12.25%	Yly
Cheltenham BS	Special Return	0633 717272	2 Year	£10,000	12.25%	Yly
<b>TESSAs (Tax Free)</b>						
West Bromwich BS		021 525 7070	5 Year	£150	13.25%	Yly
National Counties BS		0372 742211	5 Year	£3,000	13.10%	Yly
Lambeth BS		071 528 1331	5 Year	£20	12.90%	Yly
Exeter Bank		0352 50535	5 Year	£250	12.00%	Qly
<b>HIGH INTEREST CHEQUE A/Cs (Gross)</b>						
Caledonian Bank	HICA	031 556 8235	Instant	£1	10.00%	Yly
UDT	Capital Plus	0734 560 411	Instant	£1,000	9.90%	Qly
Cheltenham BS	Classic P/Acc	0245 521351	Instant	£10,000	11.20%	Yly
Northern Rock BS	Current A/C	081 265 7191	Instant	£25,000	10.71%	Mly
<b>OFFSHORE ACCOUNTS (Gross)</b>						
Portman Channel Islands	Channel Isls Acc	0481 822747	Instant	£1,000	10.70%	Yly
C & G Channel Islands Ltd	Guernsey Isls	0481 715422	Instant	£10,000	12.00%	Yly
Alliance & Leicester (ICM)	Manitrium 90	0624 653556	90 Day	£25,000	11.00%	Yly
Yorkshire BS Guernsey	Key Extra	0481 719896	180 Day	£25,000	11.95%	Yly
Bristol & West Int Ltd	Int Bond II	0481 720609	30.11.92	£25,000	11.50%	OM
<b>GUARANTEED INCOME BONDS (Net)</b>						
Hambro Guardian FN		0800 282536	1 Year	£5,000	8.50%	Yly
Canterbury Life FN		0227 457375	2 Year	£5,000	8.75%	Yly
Prosperity Life FN		0800 521 546	3 Year	£2,000	8.75%	Yly
Liberty Life FN		081 440 8210	4 Year	£25,000	8.90%	Yly
Providence Capital FN		0256 768868	5 Year	£25,000	9.20%	Yly
<b>NAT SAVINGS A/Cs &amp; BONDS (Gross)</b>						
	Investment A/C		1 Month	£5	10.25%	Yly
	Income Bonds		3 Month	£2,000	11.00%	Mly
	Capital Bonds C		5 Year	£100	11.50%	OM
<b>NAT SAVINGS CERTIFICATES (Tax Free)</b>						
	5th Issue		5 Year	£25	8.50%F	OM
	5th Index Linked		5 Year	£25	4.50%F	OM
	Childrens Bond		5 Year	£25	11.84%	OM

All rates (except Guaranteed Income Bonds) are shown Gross.  
 \* Gross Equivalent Rate. Please Note: (All other rates are variable. OM = Interest paid on maturity. M = Net Rate. B = Bond.  
 Source: Moneyfacts. The Money Guide to Investment and Mortgage Rates, Wakeham House, Staines, Northwick.

discount thereafter for the first three weeks; the annual management charge will be 1 per cent.

The main slant of the launch is towards institutions and private client portfolio managers but those interested can get more details by telephone 0800-288505.

Philip Coggan

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## FINANCE AND THE FAMILY

What to do when  
the feeling's mutual

**N**OW THAT Scottish Mutual Assurance has accepted the embrace of the Abbey National, what will be the effect on the life company's policyholders?

Scottish Mutual is one of more than 20 British mutual life insurers - companies which are owned by their policyholders. To become part of the Abbey National empire, the small Glasgow-based company will need to sacrifice its mutual status.

Over the next few months policyholders will be asked to sell their interest in the company to Abbey National. Only 300,000 policyholders are affected but many of Britain's smaller mutuals find themselves in a similar condition to Scottish Mutual and other so-called "demutualisations" could follow.

Scottish Mutual's board is convinced of the merits of the deal which they believe will help them increase their share of the life insurance market and open new opportunities for the company's 1,000 staff.

Policyholders may have a number of questions. We try to answer some of them here.

**What rights do I have?** Holders of with-profits policies that is about 175,000 of the company's 300,000 policyholders - are eligible to vote. Seventy-five per cent or more of these voting members will need to vote in favour of the deal if it is to be approved. When will this vote occur? At a special general meeting - in early November.

**What benefit will I get if the takeover goes through?**

The benefits of the takeover are confined to the owners of Scottish Mutual - the same 175,000 with-profits policyholders eligible to vote. Abbey proposes to pay £235m to acquire the group. About a quarter of this money - some £70m - will be directed towards the payment of a special bonus to policyholders.

Scottish Mutual will circulate individual with-profits policyholders with details of how they will be affected in the next few days.

The average benefit per policyholder will amount to about £400 - although the benefit an individual will derive from the one-off bonus will depend on how long they have been policyholders and how much money they have invested.

Policyholders will receive the benefit of the remaining £235m less directly. The money is to be invested in a new with-profits life insurance fund.

The main benefit here is to secure the value of future bonuses - reversionary bonuses that are paid annually and terminal bonuses that are paid at the end of a policy.

As part of a proprietary company, Scottish Mutual will be obliged to pass on a percentage of annual surplus to the shareholders of Abbey each year.

In mutual companies policyholders receive 100 per cent of the value of any surplus but, in proprietary companies, 90 per cent of the surplus is directed to policyholders and 10 per cent - in effect the

profit - to shareholders.

On the other hand, the £235m injection into the life fund will inevitably increase the amount of investment income accruing to the fund (which, like other life funds, is invested in a mixture of government bonds, property and shares). Analysts suggest this increased investment income will benefit policyholders, offsetting the amounts that Abbey will take from the fund to pay profits to shareholders.

**What if I have a unit-linked policy?**

Scottish Mutual's unit-linked policyholders neither gain nor lose from the deal in the short term. In the long term, they may gain if Abbey National's new life operation prospers. The more profits Abbey makes, the more money it will be able to invest in its life business.

Abbey National and Scottish Mutual managers hope this will increase the scope for positive returns for all policyholders.

**Will my policy be safer or more risky after the merger?**

The impact for policyholders should be minimal. In general, of course, unit-linked policyholders take greater risk to gain greater returns than with-profits investors. However, the risks and rewards are not affected by whether the company is mutually owned.

**Will the premium be affected?** People have contracted to pay certain premiums for certain benefits and these contracts will remain in force.

Richard Lapper

## People may not profit

**A**N ERA has ended with the news that Standard Life, the Scottish insurance company, is pulling out of the with-profits endowment mortgage market.

With-profits policies have been the "safe" alternative for home buyers taking out an endowment policy - and Standard Life has led the field in terms of performance.

From January, Standard Life

is introducing Homeplan, a unitised house purchase product. House buyers opting for an endowment mortgage will be given the option of a unit-linked endowment or a unitised with-profits policy.

Under a unit-linked policy, a guaranteed sum is increased by bonuses (called reversionary) declared every year and by a further bonus (terminal) at the end of the policy. Once declared, a bonus cannot be withdrawn. This creates a smoothing effect that protects investors from events such as the 1987 crash.

Under a unit-linked policy, your premiums buy units in a fund - and the value of your policy fluctuates in line with the value of the fund. Such policies are generally perceived as more risky - while offering the chance for greater reward - than a with-profits product.

A unitised with-profits policy is a hybrid. Your premiums still buy units, but the value of those units increases in line with non-reversible bonuses.

From the perspective of insurance companies, unitised with-profits policies reduce the strain of taking on new business - as the bonuses build up more slowly than with a traditional policy. They also seem easier to market, because the concept is simpler to explain.

Scottish Amicable and Sun

Life made similar moves to Standard Life earlier in the year and personal pensions are now sold on a unitised basis.

Existing with-profits policyholders might be concerned about this development. Standard Life has so many policyholders of this type it will have every incentive to produce good returns.

Policyholders must suspect that if the insurance companies no longer have to compete to win with-profits business, they will have no interest in treating such policyholders well. Their best efforts will shift to unit-linked business.

This is a particular pity because surveys by *Money Management*, the FT's sister monthly magazine, have shown that with-profits policies have outperformed unit-linked versions. A survey in the November issue is set to show traditional with-profits policies have outperformed the unitised with-profits policies over the past five years.

Unit-linked policies admittedly have charging structures which are easier to understand. That apart, it seems once again that the financial services industry is set to change - although it is far from clear that the consumer stands to benefit.

Philip Coggan

## BES deadline

THIS YEAR'S autumn Business Expansion Scheme season is about to reach its climax. The deadline for investments if you want to carry forward tax relief from last year falls on October 5, writes John Anthony.

There are effectively two forms of BES company:

■ "Buy-back" schemes have a covenant from another institution to buy back their properties at a fixed price after five years. They include:

BESB, UKC, sponsored by Close Brothers, Fifth Johnson, Fry Super Growth, Govett Asset Builder, sponsored by John Govett, Great Western

Assured Growth, sponsored by Dartington, House the Homeless of London, sponsored by Peabody Trust, IMPRESS sponsored by Hodgson Martin, London Christian Housing and Sun Life BESRES VII.

■ Other schemes have no upward limit on the amount of money they can deliver, but greater risk. They include:

Artesian Competitor, Johnson Fry Predator V, Kerington III, and Oxford Academic Housing, all sponsored by Johnson Fry, Paragon, Pre-BESB, UKC, sponsored by Close Brothers, Fifth Johnson, Fry Super Growth, Govett Asset Builder, sponsored by John Govett, Great Western

The Week Ahead  
Amstrad gloom

AMSTRAD, the computer group, is expected to report on Thursday full year pre-tax profits of £20m, less than half last year's £43.7m. Mr Alan Sugar, the chairman, said when he announced half-year profits of £40.1m that the company would do well to break even in the second six months.

Amstrad has since announced that it will make an exceptional £30m write-down against unsold personal computer stocks.

Some City analysts are worried that provision is too small. They will be looking for some indication of the state of the current year's trading.

Given the depressed state of the computer market, they are not expecting an early improvement.

Porte will report on Thursday a sharp drop in pre-tax profits for the half-year to end July to about £45m from £113m

a year earlier. Its hotel and airline catering businesses were hit hard by the Gulf war and recovered only slowly since.

Bank of Scotland's shares have outperformed the sector by more than 10 per cent since the May 1989 issue as the quality of its lending book and earnings continues to appeal to investors.

Analysts are expecting it to report on Wednesday interim pre-tax profits of around £10m against £11m and a dividend increase of some 10 per cent.

Sears, sporting a new chief executive in the form of Mr Liam Strong, ex-British Airways marketing director, will report on Tuesday a drop in interim profits to around £12m excluding property and other income from £38.8m.

In the current half year, retail sales remain very steady.

## PRELIMINARY RESULTS

Company	Year to	Pre-tax profit (£000)	Shareholders' per share (£)	Dividends per share (£)
Alliance Resources	Apr 219.1	(413.1)	1.0	(4.0)
Anglo	Jun 4,805	(4.36)	12.39	(10.23)
Battlefield Tel	Aug 54	(30.1)	0.46	(0.38)
Barrat Developments	Jun 105,000	(50,200)	0.1	3.21
Bryant Group	May 10,100	(20,100)	3.4	(8.2)
Comwell Partner	Jul 8,000	(8,710)	13.2	(15.1)
Courtyard Leisure	Mar 82	(97)	0.1	(0.1)
Danville & General	Jun 4,805	(4,360)	46.11	(31.37)
Eden Design Trust	Aug 328	(97)	0.105	(0.022)
Essex Holdings	Jun 2,840	(1,800)	17.97	(12.0)
Everest Foods	Jun 4,000	(7,100)	7.2	(14.8)
Fragrances Britain	Jul 1,080	(8,040)	1.0	(8.0)
Gen (BS)	Jun 1,080	(8,040)	1.0	(8.0)
GT Japan Inv.Trust	Jun 8,500	(8,000)	26.00	(8.75)
Hepa	Jun 11,280	(8,351)	16.9	(15.0)
Interlink Express	Jun 88,300	(88,000)	12.6	(12.0)
Lloyd Thompson	Apr 22,700	(1,800)	8.11	(7.30)
M&J Group	Jun 10,000	(10,000)	12.04	(11.30)
Macklow (AA)	Jun 859	(1,800)	0.4	(2.7)
Murray Ventures	Jun 13,900	(13,400)	12.28	(13.28)
Oceanic Group	Jun 4,800	(3,800)	9.9	(13.9)
Polytype	Jun 702	(1,070)	8.5	(12.0)
Ricardo Int.	Jun 3,300	(8,070)	3.6	(8.07)
Sunrise & Vine	Jun 1,280	(713)	3.91	(0.51)
Thorpe (FW)	May 776	(1,300)	7.2	(12.8)
Truform Park Estates				
Unidrop				
Usher (Frank) Hops				

## INTERIM STATEMENTS

Company	Half-year to	Pre-tax profit (£000)	Shareholders' per share (£)	Dividends per share (£)
AGS Newspapers	Jun 9,800	(14,000)	6.8	(3.8)
Amalgamated	Jun 528	(517)	0.1	(0.1)
Ashtley (Laurie)	Jun 1,100	(1,700)	0.2	(0.2)
Aspen Communications	Jun 2,700	(4,200)	1.8	(1.8)
B&H Group	Jun 5,820	(7,200)	1.8	(1.8)
Bell	Jun 109	(73)	1.94	(1.94)
Bilham (J)	Jun 52	(52)	0.2	(0.2)
Bishop & Ballance	Jun 72	(72)	0.2	(0.2)
Boddington Group	Jun 1,080	(2,500)	1.78	(1.78)
Broadland	Jun 4,810	(8,810)	1.78	(1.78)
Brent Chemicals Int.	Jun 8,510	(8,010)	9.7	(9.7)
BSC International	May 344	(344)	0.1	(0.1)
Cambridge Isotope	Jun 248	(3,700)	1.0	(1.0)
Carlisle Group	Jun 6,140	(6,570)	2.75	(2.75)
Cheltenham (N)	Jun 2,800	(2,700)	0.4	(0.4)
Clifford Foods	Jun 1,010	(1,800)	1.3	(1.3)
Dagenham Motors Grp.	Jun 210	(1,510)	0.2	(0.2)
Dencora	Jun 80	(172)	0.25	(0.25)
Deleite Heat	Jun 1,450	(1,130)	0.4	(0.4)
Dunlop Tyres	Jun 109	(130)	0.1	(0.1)
Dunlop House Group	Jun 83,200	(87,200)	0.5	(0.5)
ECC Group	Jun 2,400	(2,550)	0.2	(0.2)
Edinburgh Fund Mgmt.	Jun 4,300	(5,010)	0.2	(0.2)
Enterprise Computers	Jun 138	(444)	1.00	(1.00)
Ford Earth Tiles	Jun 518	(185)	1.00	(1.00)
Fortnum & Mason	Jun 161	(362)	1.75	(1.75)
Garton Engineering	Jun 15,100	(14,700)	0.2	(0.2)
Geest	Jun 178	(334)	0.4	(0.4)
Hampden Homecare	Jun 85	(113)	0.4	(0.4)
Harold Whiting Hdg.	Jun 1,100	(702)	1.4	(1.4)
Hay (N)	Jun 1,000	(1,000)	1.4	(1.4)
Henderson Properties	Jun 2,400	(81)	0.2	(0.2)
Henderson Highland	Jun 4,280	(7,270)	3.18	(3.18)
Hibernian Group	Jun 3,330	(2,760)	0.7	(0.7)
Hol (Joseph)	Jun 541	(1,430)	0.2	(0.2)
Horsley Group	Jun 7,200	(22,200)	2.00	(2.00)
Isle of Man	Jun 5,270	(14,700)	6.07	(6.07)
Independent News	Jun 3,880	(3,480)	3.0	(3.0)
Johnson Press	Aug 630	(887)	2.7	(2.7)
Jove Invest.Trust	Jun 1,800	(10,400)	0.2	(0.2)
Lap Group	Jun 3,530	(3,240)	0.2	(0.2)
Maclean-Glenlivet	Jun 1,250	(401)	0.4	(0.4)
Mayhew Group	Jun 4,500	(257)	0.2	(0.2)
McLaughlin & Harvey	Jun 12,800	(12,200)	0.2	(0.2)
Meggit	Jun 3,300	(3,280)	1.0	(1.0)
Melrose	Jun 1,820	(1,020)	1.6	(1.6)
PPG Hodgson	Jun 1,210	(1,210)	1.82	(1.82)
Port Group	Jun 74,800	(777)	6.25	(6.25)
Quire Group	Jun 501	(748)	0.03	(0.03)
Reidland	Jun 3,900	(5,000)	0.27	(0.27)
Rose Group	Jun 10,200	(12,000)	0.7	(0.7)
Rutland Trust	Jun 7,100	(5,240)	2.25	(2.25)
Schroders	Jun 16,200	(87,000)	3.0	(3.0)
Schroders	Jun 61	(78)	0.1	(0.1)
Shire Life Inv.	Jun 230	(77)	0.1	(0.1)
Thrive Perth	Jun 5,470	(13,700)	2.5	(2.5)
TV-am	Jul 8,700	(11,500)	4.0	(4.0)
United Newspapers	Jun 38,800	(86,000)	7.5	(7.5)
Victoria	Jun 4,300	(777)	3.7	(3.7)
Whitman	Jun 4,370	(5,020)	2.8	(2.8)
Widenedown Risk	Jun 1,240	(1,800)	0.3	(0.3)
World of Leather	Jun 41	(405)	0.1	(0.1)
Youghal Carpets Hdg.	Jun 1,600	(871)	0.1	(0.1)
Yule Cuts	Jun 9,870	(9,380)	2.3	(2.3)

(Figures in parentheses are for the corresponding period.)  
Dividends are shown net of tax, except where otherwise indicated. L = loss. \$ = Irish Currency. 24 week period compared to 26 weeks American Dollars.

## RIGHTS ISSUES

Meggit is to raise £30.5m via a 1/3 rights issue at 80p.  
Porter Chemicals is to raise £20m via a 1/2 rights issue at 65p.  
Domino Printing is to raise £15.3m via a 1/4 rights issue at 30p.  
Record Holdings is to raise £5.5m via a 3/11 rights issue at 80p.

## RESULTS DUE

Company	Announcement date	Last year	This year
Amstrad	Thursday	0.40	1.00
Beverly	Monday	1.80	1.80
Blackburn (A)	Tuesday	1.65	3.15
British Channel Ship Repair	Monday	1.00	3.00
Copper-Clare Group	Friday	0.70	0.80
Garfield	Friday	0.25	0.30
Galileo (James)	Thursday	4.00	6.50
International Technology Serv.	Wednesday	2.00	2.00
International Rowing Hdg.	Monday	1.50	2.00
Magnetics Materials Group	Tuesday	0.80	2.10
Osney Estates	Thursday	1.40	1.50
Pat Petroleum	Thursday	1.00	0.40
Reidland	Thursday	2.00	3.75
Welsh Industrial Inv.Trst.	Friday	2.00	2.00
Alcon	Tuesday	8.00	8.50
Allied Partnership Group	Monday	1.00	0.50
Amstrad	Tuesday	0.40	0.80
Ashtley (Laurie)	Wednesday	2.00	3.50
Battlefield Tel	Thursday	0.70	0.70



## FINANCE &amp; THE FAMILY

## The Focused Investor

## Ten top tips for cautious savers

**N**ONE of us wants to lose our hard-earned money. Safety of capital is, for many, a paramount consideration. There are really four dangers to guard against: fraud, market risk, company collapse and inflation. Thankfully, relatively few UK investors lose their money through fraud; and they usually do so via special "schemes", devised by small companies and individuals, which offer exciting returns. The best rule to follow to avoid fraud is that if an investment seems too good to be true, it probably is.

Avoiding market risk is rather more difficult, as any investor who bought shares in the London stock market dealing in shares of some small companies.

Earlier this year, my "portable pension plan" bought some shares in Abtrust Scotland. I was attracted to this investment trust partly because one of its largest holdings is in Caird Group. Shares in Caird have risen rapidly this year, from 22p to more than 110p.

In 1990, Abtrust Scotland acquired Wightman Holdings, which brought around £2m of assets, mostly in liquid form, to the company. Part of the consideration for this acquisition was satisfied by the issue of more than 7.5m new shares in the company at 27.5p per share.

As the highest price Abtrust Scotland has reached this year is 22p, I thought that whoever had acquired Abtrust Scotland shares for 27.5p might be rather disappointed and would be urging the company to improve its performance, and share price.

After my experience with the collapsing share price of Greenhouse House Investment Trust (from 900p to 50p in five months) I became much more wary of trusts investing (like Abtrust Scotland) in unquoted companies. Perhaps the pension

plan should sell its 25,000 shares in Abtrust Scotland?

I contacted the broker-manager of my pension plan on August 21 and asked him to sell the Abtrust shares. The market maker was only prepared to buy 250 shares at a time, for 17p each - a deal worth just 242.50 before commission and other costs.

I thought this was ridiculous. It had been easy enough to buy 25,000 Abtrust Scotland shares, and the company was capitalised at £8m, so it was not as if my proposed share sale would represent a large percentage of the company changing hands.

My broker continued to check the dealing position of Abtrust Scotland - but there never seemed to be any buyers; not even at a reduced price, unless I sold them in parcels of 250 shares at a time.

According to Abtrust Scotland's annual report it has two stockbrokers: Cazenove

the movement is quick to rescue its weaker brethren by merger and according to the Building Societies Association no depositor has lost money through the failure of a society.

Of course, except in the rare cases of corporate collapse, both bank and building society accounts offer return of capital.

*If an investment seems too good to be true, it probably is, says Philip Coggan*

3 Tessa's A Tax Exempt Special Savings Account from a major bank or building society offers the same security as a conventional account, plus the bonus of tax-free income if held for five years. If you are going to hold long-term savings in a bank or building society, it is silly not to have a Tessa.

4 Guaranteed Income Bonds

Another product that normally comes with deposit protection added, if issued by an insurance company. The Policyholders Protection Act guarantees to pay out 90 per cent of the sum invested, without limit. Guaranteed income bonds pay a set income for a set period of time; capital will be returned in full, although there is no protection against inflation.

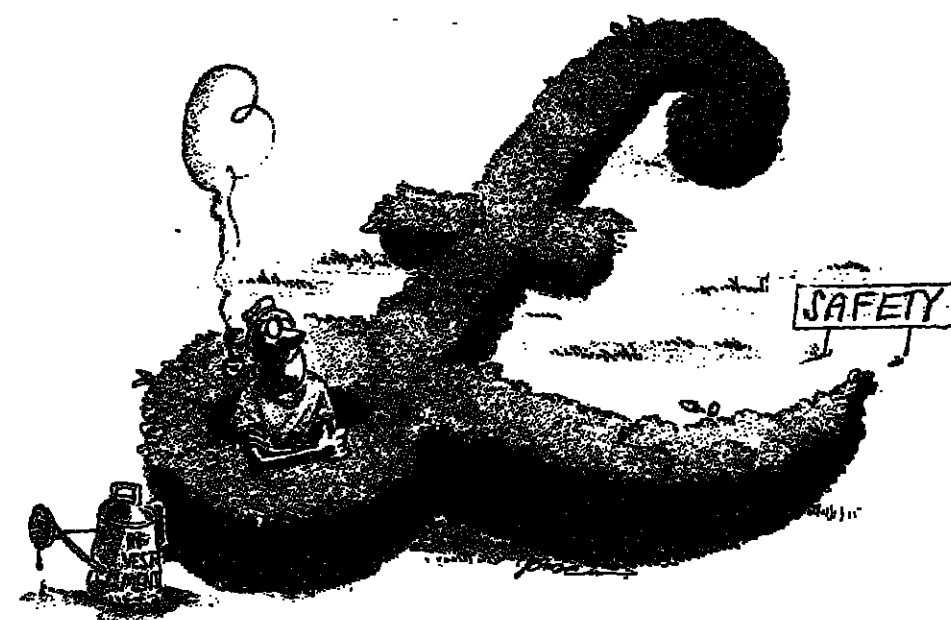
5 Cash unit trusts These relatively new products allow the investor access to money market interest rates in a unit trust form. As with other unit trusts, they are covered by the investors' compensation scheme, which guarantees the first £30,000, plus 90 per cent of the next £20,000 (maximum compensation is thus £48,000). Unlike other unit trusts, however, they are unlikely to go down in value, because they are largely invested in deposits. Charges are also lower than on equity-based unit trusts.

6 Guaranteed equity funds These products offer investors participation in the equity markets, allied to protection against the loss of their capital. A current example is the ELISA

from Allied Irish Bank, which promises the rise in the FT-SE 100 Index if held for five years, or 30 per cent, whichever is the higher. This protects the investor against market risk but the "guarantee" is only as good as the company that offers it. Any gain on ELISA will be taxed as income, not capital gains.

7 Fixed interest gilts When it comes to safety, government-issued securities cannot be beaten; the UK government will not go bust. Gilts are long term bonds issued by the government, and pay a fixed rate of interest. There is a market risk - prices of gilts normally fall when interest rate rise. In the past, fixed interest gilts have also been badly affected by inflation.

8 Fixed interest national savings National savings certificates offer fixed interest returns, in a slightly less flexible form than gilts - they have to be held for five years to pay their full rates. However, there is no market risk - the capital value cannot fall. Basic rate taxpayers should opt for the capital bond, which pays 11.5 per cent gross; higher rate



payors should opt for the 36th issue, which pays 8.5 per cent tax-free.

9 Index-linked gilts These have a number of attractions to the safety-first investor. For a start, their redemption value is linked to the rate of inflation which means that, barring an economic revolution, their value cannot go down. They thus offer the security of government-backed paper, no market risk, and inflation protection. In addition, most of the return comes in the form of

capital gain and is tax free. Their only real disadvantage is that they only pay a small (index-linked but taxable) income of 2 or 2.5 per cent. Currently, however, they offer a real (after inflation) return of redemption of 4 per cent.

10 Index-linked national savings Regular readers may know of my enthusiasm for this product, which pays 4.5 per cent over the rate of inflation tax-free if held for five years. Should the Retail Prices Index fall over a month, their value

can drop accordingly; but the repayment value cannot fall over a 12-month period. They thus have no market risk, and have the security of government backing. The only disadvantages: they pay no income and the real returns are lower if the certificates are surrendered early. They will be more attractive than the 36th issue, if inflation is higher than 4 per cent over the next five years. They will do better than conventional gilts for higher rate taxpayers if inflation is above 1.3 per cent.

## Diary of a Private Investor

## What exactly is a market?

& Co and Campbell Neill & Co. Surely they ought to be able to organise a better market in the company's shares?

I wrote to George Robb, chairman of Aberdeen Trust, the company which manages Abtrust Scotland in return for a management fee, of two per cent of the total gross assets of the company, together with "apparent expenses". Abtrust Scotland owns 3.8 per cent of Aberdeen Trust.

In response to my query concerning lack of liquidity, Robb replied: "The situation to which you refer is unfortunately all too common in the case of many smaller companies in the UK, particularly those like Abtrust Scotland where a minority of institutional shareholders own the vast majority of the shares and are long-term holders."

"It is also unfortunate that at the moment investment companies specialising in unquoted investment are

unfashionable, resulting in a discount to asset value which makes the issue of further ordinary shares, and hence improvement in liquidity, very difficult. I am sure that in the fullness of time the fashion will change and a more realistic value put on such companies, but it is of course impossible to predict when this will happen."

According to Robb, there is "a very important reason for the company having a listing on the stock exchange, for without this it would not qualify for investment trust status, bringing with it freedom from internal capital gains tax."

My broker phoned Robb and the price offered was 15p per share, against a supposed "bid" price in the market of 17p. As the shares, even at 17p, were supposedly standing at a discount of over 40 per cent to the company's net asset value, the offer was declined.

What is puzzling is why the market

makers do not quote a realistic price (and have this listed in the *Financial Times*) rather than only wanting to deal in small numbers of shares. If 15p is all anyone is prepared to pay for the shares, then surely that is the price that should be quoted, not 17-18p?

Liquidity in small companies appears to be rapidly getting worse. For example, my pension plan already owns shares in the investment company British and American Film Holdings. My stockbroker tells me there is now "no market making activity whatsoever" in the shares.

I first bought shares in the company in 1985, paying 185p per share, and have remained impressed by the company's chairman Sir John Woolf, who has consistently managed to outperform the FT All Share Index.

According to the company's latest report, as at May 3 this year, the value of the company's investments and cash,

excluding film rights, was equivalent to 864.5p per share. The film rights included films such as *Othello* and *The Day of the Jackal*.

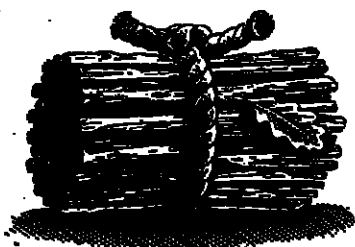
I asked my broker in June this year to see if he could acquire a further 500 shares in the company for my pension plan, as I had noticed from the *Weekend FT* that occasional deals had been done at around 575p-615p per share.

On June 17, the pension plan's interest was placed on the broker-to-broker screen as a buyer of 500 shares at 620p. It took until July 17 before a deal could be done.

Surely there must be a way of increasing liquidity in the shares of small companies - or at least making more people aware of who is prepared to buy or sell shares.

It is a pity that legislation designed to "protect" the investor would prohibit an *Exchange and Mart* style page in the *FT* in which private investors could cut out the "middle men" (brokers and market makers) and advertise their share requirements to each other and deal direct, accepting - as adults - that they ought to take their own precautions against dealing with possible crooks.

Kevin Goldstein-Jackson

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THE INDEPENDENT INVESTMENT MANAGERS

\*Source - Martin Currie Investment Management Ltd based on Mitrilip ten year statistics relating to £1,000 invested on 1 September 1981 equally in The Scottish Eastern Investment Trust plc, Securities Trust of Scotland plc and St Andrew Trust plc, with income re-invested. Ten year figures are not available for the Martin Currie Pacific Trust plc as it was launched only six years ago.

\*\*Source - Mitrilip. Based on £1,000 invested on 1 September 1981 for ten years with income re-invested.



## FINANCE AND THE FAMILY

## Directors' Transactions

FOLLOWING the demerger of Vodafone from Racal Electronics, the board made a substantial display of confidence with the purchase of almost 50m worth of Racal shares at prices between 47p and 51.5p. Sir Ernest Harrison, chairman and chief executive, sold Vodafone shares worth 25m, reinvesting 22.5m in Racal. The next morning Williams Holdings announced an uninvited offer for the company, with the share price rising sharply on the news.

Among the three directors purchasing shares in Rea Brothers, was Glen Moreno, a recently appointed director of the company and also president of Fidelity International, the overseas arm of the US investment group. We have seen several instances of director buying in small London merchant banks in recent weeks. Their profits are depressed because of write-offs for bad debts, and in many instances the banks have asset

values sharply above their share price.

It is interesting to note that the 15 directors of British Aerospace in the last annual report held an average of 513 shares each. It is hard to find an instance where the directors of a quoted company own fewer shares, so the small recent purchases are encouraging.

Sales in ASW, Radius and AB Electronics are worth noting, with all prices well off their high and following further substantial sales made recently.

Angus MacDonald, Director

On July 20, we started four portfolios to help investors see the success of various stock-picking methods. One of those portfolios was based on directors' share dealings. The full list of 10 shares has now been compiled: ADT, Albrighton, Barry Wehmiller, Evode, Humterprint, Linwood, MANWEB Electricity, MY Holdings, Stirling Group and Wheway.

## DIRECTORS' SHARE TRANSACTIONS IN THEIR OWN COMPANIES (LISTED &amp; USM)

Company	Shares	Value	No of directors
<b>SALES</b>			
ASB Electronics	653,636	627	2
Assoc Brit Ports	25,000	95	1
ASW Holdings	50,000	118	1
Berkeley Group	50,000	172	2
BET	200,000	444	1
Bradstock	450,000	743	4
Capital Radio	93,240	205	1
Charter Consolidated	12,521	66	1
Laird Group	25,611	71	1
Macro 4	50,000	180	1
Pittier	25,000	34	1
Radius	130,000	61	1
Rathbone Bros	256,500	808	9
Sainsbury J	34,090	120	1
Sandell	747,500	250	1
Scapa	118,685	208	1
Tibbett & Britten	18,000	90	1
Vodafone	1,500,000	5,085	1
Warner Howard	25,000	58	1
<b>PURCHASES</b>			
Southcoast	99,000	33	2
British Aerospace	12,500	51	2
City Merchants Incm	25,000	24	1
Cookson	10,000	13	1
Cookson (ADRs)	40,000	394	1
Glaxo (ADRs)	2,000	384	1
Greenfield Inv Co	8,000	23	1
Merlin Int GreenFnd	125,000	98	1
Oriel Group	12,250	21	1
Racal Electronics	6,490,000	3,184	5
Ransomes	50,000	26	1
Rea Brothers	110,500	36	3
Wood (SW) Group	125,000	50	1
Xtra-Vision	500,000	55	2

Value expressed in £000s. Companies must notify the Stock Exchange within 5 working days of a share transaction by a director. This list contains all transactions, including the exercise of options (if 100% subsequently sold, with a value over £10,000, information released by the Stock Exchange 16-20 September 1991.

Source: Directors Ltd, Edinburgh

## The lethargy of the bulls

THE BULL market is proving slow to mature, in spite of a burst of bids. The underlying level of trade is not that of a healthy bull market and the position cannot be guaranteed to improve even if all the current bid rumours come to fruition.

Last week saw a spurt in volume as three big companies threw their hats in the ring to signal the reopening of the takeover season. Trade concentrated, however, on the companies concerned, their intended victims and a few other possible bid targets such as Sears and Allied Lyons.

The maverick in all this was Asda where turnover amounted to 15 per cent of total equity. Every man and his dog seemed to be selling as the shares fell by 32p to 70p, but there has to be a buyer somewhere. The shares should be kept under review in spite of the performance of the company and its leadership board.

Otherwise there was little sign of a change in the lethargy which has pervaded the market in recent months. This is strange considering it has been on a bull track for the best part of a year, but a partial explanation can be gathered from activity levels.

Rises outpace falls each

week, but the number of stocks on the move amounts to less than 40 per cent of the total. This time last year 46 per cent were active, although not upwardly.

Selection has been uppermost in the minds of fund managers with little attention being paid to smaller companies. But this has provided just the right climate for big com-

## Charles Wyatt looks at activity levels in the stock market

panies to reassess and, in some cases, act on takeovers.

Bidders quietly buy all the stock they can, at the lowest prices possible, before making a move. With Beazer and Racal, camouflage was readily to hand in the shape of the flotations and this took volume analysts' eyes off the ball.

They will have noticed that customer trade in Beazer shot up to three times its average a couple of weeks earlier, and that both customer and intra market trade in Racal was building steadily. Most would have put these anomalies down to pre-flotation tactics. And all

would have been fooled by Hawker Siddeley where volume moves in inverse proportion to the scale of bid rumours... until HTR made its move.

Perhaps they will get it right with Cadbury Schweppes which has been a bid perennial since 1987 when General Cinema of the US bought around 10 per cent in a dawn raid less than a month after the Crash. The holding has since been dispersed to the stakeholder responsible for the latest volume anomaly must be sought elsewhere. Philip Morris, of the US, has been mentioned as a possible contender but "when" is more interesting to investors than "who".

As our chart shows there has been exceptional activity in the stock in recent weeks with heavy intra-market trade - see bar chart - overlaying weekly customer volume which previously averaged only 4.3m shares.

The share price bottomed at the end of June and then swiftly adjusted to a trading range about 30 points higher. Cumulative volume took a little time to catch up, but then outpaced the price trend in recognition of the growth in buying volume, before settling back to await the interludes. These results were better than

expected and halted profit takers in their tracks.

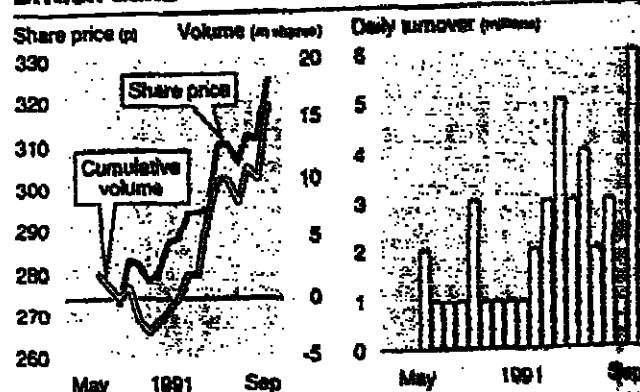
Attention is now focused on whether or not stakebuilding took place in the week ending August 23 when both customer and intra-market trade rocketed. At the same time, however, the price fell slightly and this is unusual as high volume tends to accelerate price movements in either direction.

The likelihood is that market makers did a good job in accumulating stock for an aggressive buyer. This could have left market makers a bit short of stock, hence the rise in price the following week. This makes Cadbury shares an interesting bet.

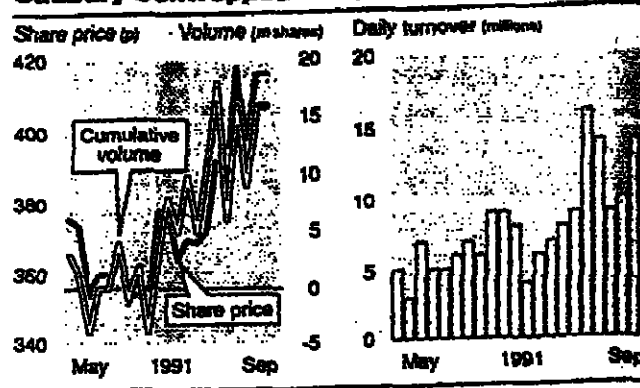
No big speculation surrounds British Land. In fact the property sector has only just been superseded as the least favoured sector of the market after a run of five months. The cuts in interest are obviously expected to take time to filter through the system, but British Land seems to be gaining credence as a swift case for recovery.

The first hint that knowledgeable investors were reassessing the company came at the beginning of August when the price rose on a burst of volume. More important, the cumulative volume, which is a measure of investor enthu-

## British Land



## Cadbury Schweppes



asm derived from the net increase/decrease in purchases of stock, moved significantly closer to the price trend.

This support was clear over the next five weeks when the price ran into a resistance level at around 310p. Last week,

however, a further burst of customer trade got the share price underway again. Consequently higher volume would suit British Land shares - as well as the rest of the market.

Charles Wyatt runs the company Volume Analysis

## Expatriates/Donald Elkin

## Demand a change in the law

BRITAIN'S 2m expatriates seem to receive scant attention when the UK's taxing statutes are formulated.

The rules relating to pensions are a case in point. Presumably, no-one would disagree that an individual's desire to provide himself with a pension in retirement is a praiseworthy aspiration, deserving encouragement.

Try telling that to an expatriate. If you choose to spend your working life in Singapore rather than Southampton, there is precious little incentive to save for a pension under UK tax law. Should you be seconded overseas by your employer, the Superannuation Funds Office of the Inland Revenue may permit you to remain a member of the UK scheme for up to 3 or 10 years, provided that there is a definite expectation of a return to the UK.

If your overseas employer has a scheme of his own, you may be entitled to become a

member but, if the scheme is not UK approved, you should take great care in relation to any lump sum benefits after your UK residence resumes.

The law does not recognise expatriate personal pension plans at all. Even if you were a member of such a plan before your departure overseas, your contributions will have to cease - for the reason that your maximum contribution is between 20 per cent and 40 per cent (according to age) of your "net relevant earnings".

Since these words, broadly speaking, encompass purely UK taxable earnings, the figure for most expatriates will be nil. The advantages of a UK approved pension scheme are tax relief for the contributions paid and total exemption of the

fund itself. The *quid pro quo* is, of course, liability on the pension when it is paid.

Obviously, since expatriates pay no UK tax on their salaries, they would not expect relief in respect of their savings for retirement. But the absence of exemption on these accumulations can cause them considerable problems. While they remain non-resident, all is well, since by investing overseas all UK tax is avoided.

Thereafter, full income and capital gains tax liability applies - which is particularly disadvantageous for those who have a further period of employment in the UK before retirement and when tax rates are high. To add insult to injury, the income generated by such savings has always

been treated as "unearned" whenever an investment income surcharge applies. Labour is committed to reintroduce a surcharge, if elected. It is not without significance that, following the recent Inland Revenue crackdown on offshore portfolio bonds, many cries of "foul" came from former expatriates who were using them as do-it-yourself pension plans.

Hopefully for those Britons who work abroad, the UK and its offshore islands have a highly innovative financial services sector which has done all it can to fill the pensions gap in the total absence of any UK legislative framework. The result is a multiplicity of schemes, each with its own special features, falling, how-

ever, into three main groupings according to whether they are based on (1) ten year policies, (2) single premium bonds or (3) Jersey Section 131C plans or the equivalent.

The first group can provide tax free proceeds on maturity even if the policyholder is then a UK resident, although to achieve it, the overseas policy must be converted into a UK qualifying equivalent within one year of resuming residence there. Fragmentation of the policy allows one or more parts to be cashed yearly.

By contrast, plans based on single premium investment bonds can only defer tax until the benefits are drawn.

In tax terms, Jersey Section 131C policies - which are approved pension plans in the

island but not in the UK - are similar to the single premium investment bond type. Most importantly, they have provided the means by which expatriates may gain access to the with-profits funds of big UK insurers such as Clerical Medical & General and Norwich Union.

The benefit for the would-be pensioner is that he can delegate investment decisions to the insurance company and sidestep the volatility of unlinked funds. Bonuses, once attached to a policy, cannot then be removed.

The best type of plan for you, and the best time to encash it, will depend upon your circumstances. But in the longer run, you might get a better deal by writing to your MP, if you have one, demanding a change in the law.

Donald Elkin

Donald Elkin is a director of Wilfred T Fry Limited of Worthing, West Sussex.

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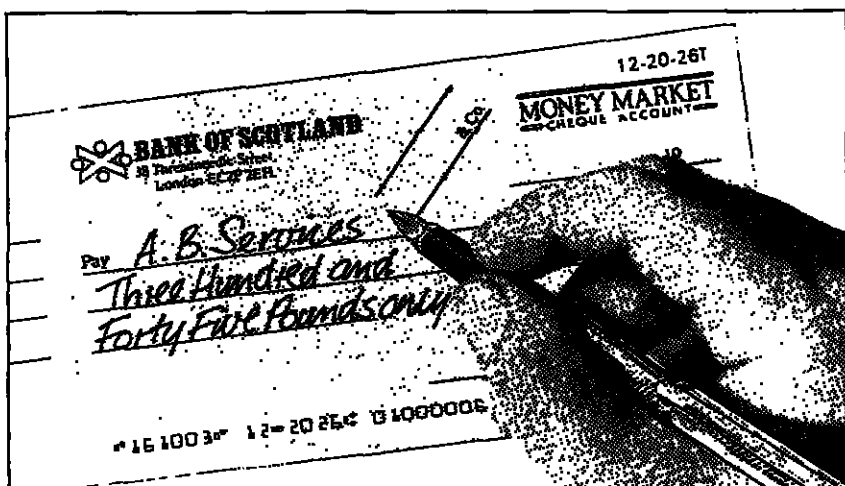
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## A dish that drives me round the bend

MY HOME IS terraced and the purpose-built access drive to all the garages for the terrace passes by the end of one house. The house and the garage are shown on the land registry documents and it is clear that the householders must gain vehicular access to their garages by means of the drive.

The residents of the house abutting the drive are obstructive and have recently had a satellite dish installed on the wall of their home which juts into the space above the access drive. The terrace and garages are a purpose built development and the registry show that this property ends at the wall from which the dish projects. Are the owners of the house by the drive entitled to obstruct the communal access in this way?

The owners of the house which abuts on the driveway are not entitled to obstruct it, whether by means of a satellite dish or otherwise. It is a question of fact whether the dish makes it materially more difficult for vehicles to negotiate the drive: if it does not there is not such an obstruction as to amount to an interference with your rights of way over the drive. The owner of the drive is in a stronger position, as he can insist on the removal of anything trespassing in the air space above his driveway, however slight the infringement.

## On course for a capital gain

IN 1982 I bought a share in a golf club in Spain so that my wife and I could become playing members when on holiday. We have each paid the annual subscription from 1982 until 1989 when I wrote to the club handing in our resignations and offering the share in the club for sale.

The share had appreciated in value and its sale realised a gain in excess of the Capital Gains Tax Allowance for the current year. Am I liable to pay CGT on this? I would have thought not since the purchase of the share was a requirement

before we could join the club and was not an investment. Capital gains tax extends in principle to disposals of all types of asset, as defined in section 19(1) of the Capital Gains Tax Act 1979: "All forms of property shall be assets for the purposes of this Act, whether situated in the United Kingdom or not, including:

- a) option, debts and incorporeal property generally; and
- b) any currency other than sterling and
- c) any form of property created by the person disposing of it, or otherwise coming to be owned without being acquired."

## Q&amp;A

No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All inquiries will be answered by post as soon as possible.

A free introductory pamphlet to capital gains tax (CGT14) is obtainable from your tax office. If you had given us the precise dates of purchase and sale, that might have enabled us to give a more helpful reply (including the indexation percentage). If the purchase was before the end of 1981-82 the value of the shareholding at March 31 1982 will be relevant.

## Depositor protection

YOU HAVE indicated that only building society investments up to £20,000 qualify for (partial) reimbursement if a society ceases to trade.

My wife has an investment account with a society with which I also have two investment accounts. Does the £20,000 limit apply to each account, to each investor or to spouses jointly? What is the corresponding amount and ruling for bank deposit accounts in joint names?

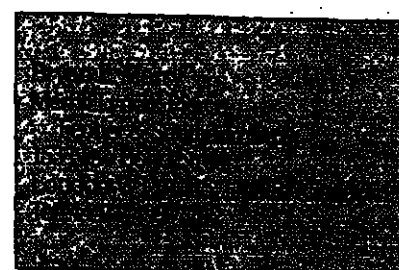
The limit applies to each investor. The protection is only in respect of 90 per cent of the deposit (s) with a limit on the deposits of £20,000. Bank deposit protection is for 75 per cent of deposit(s) with the same ceiling of £20,000 on the total deposits.

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## MINDING YOUR OWN BUSINESS

"I've become an accountant. I didn't enlist for this," Jon Dabner, proprietor of London's most chic jazz club, the Jazz Café, waves his arms around above his head. "Air conditioning is so expensive. Is this air conditioning on?" he asks none in particular. He tries to find a comfortable position on an unyielding stainless steel bar stool. "We should never have bought this furniture. Bloody waste of money."

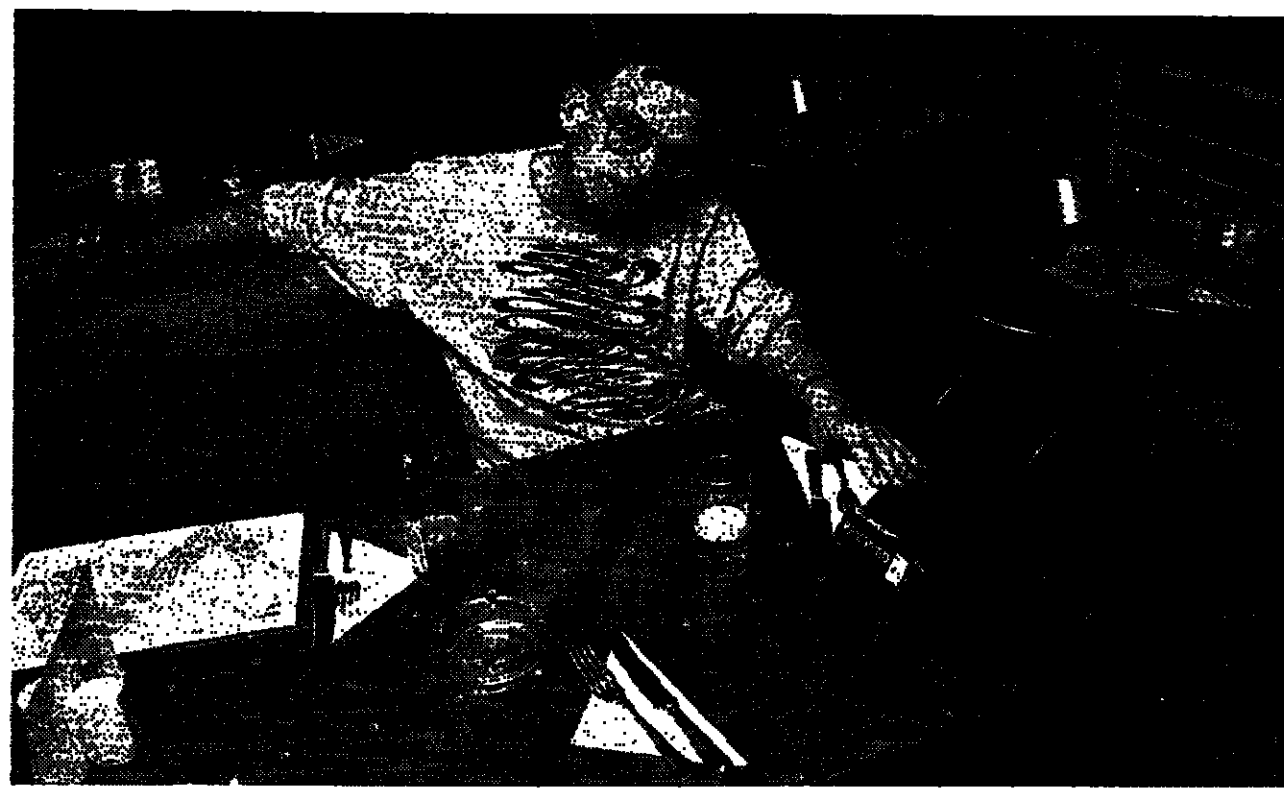
Forty-four year old Dabner, a one time school teacher and adventure playground overseer, is having a Mexican beer in the Duda Pukwana bar and reflecting on the problems of establishing and running an upstart jazz club in a downbeat economy. He pays £100,000 a year rent (plus £12,000 a year to a neighbour to run his fire escape over his roof) and, nine months in, owes £500,000 to the contractors who supplied him with a fitted out. He had budgeted £250,000 for the tasteful if stark post-modernist decor and it cost three times the amount.

Now he spends more time than he would like crunching numbers and soothing suppliers. He is performing the financial equivalent of circular breathing. So far he has managed to negotiate a deal with his contractor creditors to pay off an agreed amount per week into a central fund which is then shared out among them. "They were very enthusiastic when we started and put in a lot of work... the dumb water has never worked, mind you."

Dabner arrived on the jazz scene relatively recently. He made his mark with the original Jazz Café, in his home neighbourhood of Stoke Newington - a cosmopolitan quarter of north east London also inhabited by besit dwellers, media employed bohemians, Goths with dogs on string and lots of musicians.

He established the club in 1987 with a £50,000 loan, £25,000 from the proceeds of re-mortgaging his house and £25,000 from his partners. It was tiny, a bar and bandstand being pressed into an old shop front, but it was consistently packed for the three years of its existence. The jazz scene was booming, so was the club. He even had a mini summer festival, the Seen on the Green, and had many albums from live recordings taken in the club.

Dabner was soon looking for ways of expanding. He did not want to move out of Stoke Newington and sought permission from English Heritage to



Persuading the posers to drink: Jon Dabner, owner of the Jazz Café, where the audience is spending less on refreshments

## Counting all the notes

Garry Booth talks to Jon Dabner about running a jazz venue

extend sideways into the three historically interesting shopfronts it owns. Able to raise finance from the Borough of Islington but unable to persuade English Heritage that his conversion would not destroy their 17th century architecture, he moved on. Barclays had deserted an imposing building on another corner of Newington Green and was asking for offers of not less than £250,000. In the property boom of '89 it went to a developer for £350,000 and now stands as more or less empty office units.

"My personal crusade ended there," says Dabner. "I stopped being a Stoke Newington liberal... and tried Islington." He waited nearly a year for planning permission to be granted on Imry Merchant's ideas for Islington Green where he hoped to return the disused Collins music hall to something approaching its former glory. Planning permission has not yet been granted.

Then at the end of 1989 he

saw another Barclays Bank building for sale, this time in the centre of Camden. A north mecca for the hipsters, home to a weathered bohemian fraternity than Stoke Newington and on the tube, Camden proved impossible to pass over.

Whitbread, the brewer, put in £250,000 at a preferential loan rate which depends on barrellage, the Newington Green club raised £100,000 and his house, £40,000. Membership schemes added £70,000 (the venue for £350,000 and which offered member plus guest one year's entrance for £150 proved so attractive it was stopped at 250 people and now costs £450).

Originally scheduled to open in September 1990, Camden's Jazz Café eventually opened in December to mixed reviews and a prosecution for operating without a licence. "We were contracted to the artists, we had to open," says Dabner. "The jazzers welcomed a venue to rival Ronnie Scott's club for top shelf programming

but resented the presence of posers who did not know their harmonics from their parade. The posers were attracted by a hi-tech gallery on which to preen but resented not being allowed to chat during concerts. Health & Safety officers were unhappy about the gallery design after a member of the audience was crowned by bottles falling from the balcony.

Dabner's eclectic programming has kept most people sweet, however, with two sets a night from the famous (Joe Zawinul and Jackie Maclean, for example) and the unusual (the Cypriot Festival of Mediterranean Music).

But maintaining a fast moving programme and a large and shiny jazz venue in the deepening gloom of recession has been harder than Dabner could have envisaged, even with a membership base of 1,000 plus. "In recession, people don't spend so much. We had the attendance figures right, we had overestimated how much

people eat and drink in a slump. You'd think they'd drink more wouldn't you?"

In these conditions, booking expensive top-line jazz artists can be risky for a club with a capacity crowd of 350. One famous pianist cost him £12,000 for six nights. "But with a turnover of £50,000 over that week, that's good business," says Dabner. Others have extras that test Dabner's budget and administrative powers, like the US super group whose members demanded "junior studios" in Mayfair at £1,000 per week rent in their contract.

"That's why I've had to move away from what I enjoy. Instead of getting involved in the music, I manage. I do the books and I negotiate," he says. And can his solo improvisation last until people can afford to stand more than one round of drinks?

"Put it this way, I wouldn't mind calling it the Sony Jazz Café or the Perrier Jazz Café if that's what it takes to secure its future."

## Journalists who found a new line

Roy Hodson on life after Fleet Street

REMEMBER Fleet Street? The national newspapers, pulled the plug on the ancient street of ink a few years ago by fleeing to scattered locations, shedding the old printing methods on the way. Although *The Times* and *The Sunday Times* were not geographically speaking in Fleet Street their move from Grays Inn Road to Wapping provoked and hastened the process of diaspora.

As Fleet Street drained away, a number of journalists from those papers found themselves floundering without jobs. Accustomed to reporting and pontificating upon the affairs of big business a few of them saw a future in banding together to run a small business of their own.

Six years later, as members of a thriving cooperative called Professional Writers, they report that a skilled writer can indeed live by the pen. But harsh experience has taught them meantime that writing is one of the most difficult of all products to market. They have had to be prepared to tackle everything that has come their way, from weighty company histories to a brochure for a football club.

Two former *Sunday Times* men, Stephen Aris and Perry Ritchie, were in their mid-forties with families and mortgages when they found themselves without staff jobs for the first time in their working lives. They decided to tackle the situation as one of the business problems they were so accustomed to writing about.

If it was a market for writing, they reasoned, then they were in a position to harness the professional expertise of some of the best national journalists who, like them, had left staff jobs and were trying, with mixed success, to "go it alone" as freelancers.

Aris and Ritchie noticed that photographers were used to selling their work through agencies, while writers, by and large, were strangers to the system. So they set up Professional Writers on the same lines as a photographic agency

- finding writing commissions in the business world, selecting writers to carry out the work, and paying for the agency by taking a percentage.

Since then several hundred company reports, chairmen's speeches, company histories, brochures, and other pieces of assorted writing, have been coaxed from the word processors of the Professional Writers' team.

About a dozen writers, all working from their homes, make up the Professional Writers' stable. Numbers fluctuate as people are lured back into staff jobs or disappear overseas on long assignments.

Current members include Michael Leapman, William

relations, and advertising, but there is still a need to write and produce a decent annual report. Indeed, most companies find they have more explaining to do. They are giving more thought to telling the world why they have got where they are.

Professional Writers bases its business on a standard charge to companies of £600 a day, or £75 an hour. It makes a net profit before tax for its two owners of up to 20 per cent. The delicate and often the business indeed, the one that keeps Aris as business manager busy for hours a day, is fixing fees and working arrangements with his writers which will satisfy them while keeping the agency afloat. The actual fees negotiated with individuals are very private affairs indeed, both to protect writers' reputations and to protect the agency from having its stars poached.

A second life-line for Professional Writers during the recession has been the high percentage of repeat business they have won. In the last year more than 60 per cent of their work has been from clients who have used the service previously.

This year they have written the annual report for 3M in Britain and have followed that with an employee report for the group and a brochure about a quality programme. They have begun writing the copy for the London Stock Exchange News on a regular basis with Richard Lander as the contributing editor. Ritchie, meanwhile, has been deep in the archives of the brewers Whitbread for the last six months writing a history of the company to celebrate its 250th anniversary.

Other writers have turned in annual reports for Visa, Pearl Assurance, Land Securities, and Costain, while Aris has completed a descriptive brochure for Arsenal Football Club inviting fans to subscribe £1,000 a head for named seats in its planned £22.5m stand. Professional Writers, 32 Fitzroy Square, London W1P 5EH, 071-338-1675

**'Most companies find they have more explaining to do'**

Kay, Jonathan Hunt, Nicholas Faith, Richard Lander and Dominic Hobson. Unlike all the others, who were raised in journalism, Hobson is the first of a new breed for Professional Writers. He is a former merchant banker who has turned to writing.

Aris and Ritchie, whose main fixed overheads are a renting a small office and paying a marketing manager, responded to the warning bells of recession last year by, as Aris puts it, "making a tight ship even tighter". Overheads, never big, were cut to a minimum except in marketing.

This year is exceeding their expectations, however, and will be their best yet, with turnover likely to be between £200,000 and £250,000 against the £180,000 they had forecast. Turnover was £33,000 in the start-up year 1986-6. It has risen steadily every year.

Trying to analyse their success during recession Aris believes it is because they have clung to their core business of writing company reports. He says, "Companies have economised on design and public

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## HOW TO SPEND IT

# Legging it in the fashion stakes

Buy yourself an early Christmas stocking, says **Sasha Jensen**

ONCE UPON a time there were stockings, then there were tights and now we have leggings. Nobody who does not own a pair of leggings is likely to feel out of it this winter.

Most women can wear leggings so long as they are the right colour and the wearer has confidence. Apart from the fact that leggings can go happily to any occasion, from disco to dinner party, the latest designs have made it possible to "dress up" or "dress down". The new embroidered range from Pineapple, for example, reveals a startling leap towards "designer" leggings. Who would have thought that Pineapple would be selling tights at £100 a pair?

The justification for that kind of price tag is to be found in the patterns and colours that Pineapple has used. Those with not-so-slim stomachs might like to know that there are now high-waisted embroidered leggings which come to below the bust and provide some control for the flesh beneath.

As many a fashionable woman discovered last winter, with Wolford Opaque Tights (£19.95) you can pick your mood - wear them as tights one day, leggings the next. The cut is just like an ordinary legging or tight, but it has a unique shine and a seam that runs down the back. The density of the fabric means that legs never feel too bare. This allows you to wear them anywhere, from the dinner-party to the cinema. They can be worn many ways - as tights topped by a skirt or, if you are youthful, as leggings with an all-in-one-body over the top.

For more conservative tastes, there are the ranges from Nicholas Farhi and Joseph. Both specialise in "rib-knit" and "double-overlock" wool leggings, (£29 and £39). All this means is beautiful patterns - the overall effect is some way between trousers and leggings. This look is not for everybody - try them in front of a mirror as the thickness of the wool can add inches to the legs.

They come in creams, greys and blacks and are suitable for work or a day at the shops. A weighty jumper can be thrown over the top, slip on a pair of loafers and you have a complete outfit.

Joseph has produced a selection

of co-ordinated jumpers, in the same patterns and colours but in varying weights from thick polo necks to light V-necks (from £135).

Nicholas Farhi also has jumpers that work with its leggings the "raglan sleeve" which has a thick seam running from the neck to underneath the arm, or the "slash-neck," which looks like it sounds.

Both are loose-fitting jumpers that fall to the top of the leg discreetly disguising any unwanted lumps or bumps. Prices start at £75. The young and impecunious, for whom this kind of look is most suited, are usually the very ones who cannot afford Farhi or Joseph prices.

They might look in one or two of the shops that are quick off the mark at getting out inexpensive versions of the prevailing look. Hennes, for instance, has some excellent and inexpensive versions of the ribbed tights and toning or matching sweaters and jackets to wear over them.

Hobbs has an interesting variation on the legging theme which it calls "top-ear" (£46). What is different about the jopper is that it is wide at the thigh but tight from the knee down. When on it fits closely but the heavy lycra material makes it seem almost like a more elegant, tailored version of the legging. This increases the combination of clothes you can wear with it.

Those who are new to leggings may be wondering what on earth they should put on their feet. Trial and error, mixing and matching will give you the answer but on the whole the small ankle boot is by far the most flattering accompaniment. From flat heels which suit the longer leg, or bigger heels that accommodate the larger leg, there is a choice for all.

The reader who cares about legs should look out for the name Hue - an American company that has just recently arrived in the UK and seems to have found a myriad ways of dressing the legs.

Styles include the "floral-lace" legging (£34.50), which is a "Victorian-inspired" pattern in a thin lycra material, to thick sueded leggings, (£32.50). These are sophisticated styles that look much like brushed suede - nicest in brown or charcoal. But the most innovative designs are the "bell-bot-



The Barbarella catsuit (£34.99 (left) and the lace-up catsuit (£37.99) are both available from Pineapple

tom" leggings (£11.95) made from a fine nylon fabric - they look much like any other until they reach the ankle and flare out, Pierrot-like. These can be worn during the day or in the evening with either a jumper or jacket.

Lastly, there are the "baroque scroll" leggings - yet another option for the addict. One should wear these in the evening because of the stunning, velvet-print design. Look out for Hue in Fenwick of New Bond Street, Harrods and House of Fraser shops.

Where, then, is the dividing line between tights, leggings and joppers? It is hard to say. The definitions are blurred. Ski-pant leggings, always more functional than fashionable, seem to be on the way out. You can still get away with last year's plainer styles but this season's are showing much more variety of colour and texture.

In whatever shape or form suits you best, leggings are the most essential piece of clothing for the wardrobe at any time in the year. Be daring, be flamboyant.



These embroidered lace leggings in ivory or black are available at £34.50 from Fenwick

# The world is your armchair

SHOPPING for Christmas gifts for friends and family abroad usually means combing the stores for something small, lightweight and inexpensive. Postal charges can double the price of a present and there is always the fear that it might end up in Katmandu, rather than Canada.

Interflora is an option, but you can send flowers only so often. And Harrods' hamper might not be compatible with your bank balance.

So why not shop abroad in the first place? You can do so from home so long as you have a credit card - Mastercard and Visa are most commonly accepted - and do a bit of pre-planning.

Mail order shopping is increasingly popular, particularly in North America. But finding a gift delivery service in the country of your choice can be hard work. Museums and art galleries are a good place to start, if you are familiar with the country, as many offer gift delivery services for a high quality range of gifts. Leading department stores are also a good bet. You can obtain addresses and phone numbers from the relevant high commission or embassy.

The list below gives an idea of what is on offer. You can write or fax to order a copy of company brochures - most are free. You can also telephone, but time differences, bad lines and bureaucracy can make it a frustrating and costly call. Remember that delivery charges will increase the price of your chosen gift, and allow plenty of time for receiving the catalogue and then delivering the gift. If you do not have a credit card, some companies will take local currency money orders or cheques.

Treasures of the Royal Ontario Museum, 100 Queen's Park, Toronto, Ontario, Canada, M5S 2G9. Tel: 0101-416-586-8049. Fax: 0101-416-586-8068. The choice is wide and of high quality. Reproduction art includes a striking bronze Etruscan horse, pre-Columbian gold bird earrings, a Byzantine cross with quartz inlay and Russian pearl and amethyst jewellery.

There are lots of gift choices under C\$25 (£13), including glassblown, a Mediterranean oil-lamp, porcelain silk road mugs, and solar system sweat-shirts. Children are also well-served with games, books, and DIY kits ("Build and Erupt Your Own Volcano", "Make Your Own Time Capsule"). Clamshell Gift Shop, Vancouver Aquarium, PO Box 3232, Vancouver, British Columbia, Canada V6B 3X3. Tel: 0101-604-663-4562. Fax: 0101-604-631-2524. The aquarium's catalogue is full of items both fancy and fun: jewellery and ornaments in native Indian art designs, ornithological items such as bird callers and feeders, smoked salmon, scarves, T-shirts and educational toys. You can also adopt a fish for a friend or relative -

C\$20 (£10) for a Longnose Sucker, C\$35 for a Poison Arrow Frog, C\$100 for a Huma Huma Nuku Nuku Apu Apu - or give a gift membership to the aquarium (family membership C\$40), including free admission, newsletters, lectures and more.

Tilley Endurables, 900 Don Mills Road, Don Mills, Ontario, Canada M3C 1V5. Tel: 0101-416-444-4465. Fax: 0101-416-444-3550. Tilley wear is all the rage in Canada, especially the famous Tilley hat at C\$42 (£21), even worn by Canadian forces in the Gulf. The travel and adventure clothing is functional and probably more suitable for over-30s but the hat, accessories and some leisure wear would suit most people.

Collin Street Bakery, PO Box 79, Corsicana, Texas 75151, USA. Tel: 0101-903-872-8111. Fax: 0101-903-872-8879. This 55-year-old bakery sends its De Luxe Christmas cakes around the world (to 185 countries last year), and even with the delivery charge, it is an affordable gift. A regular-size Christmas

ing champagne, wine, caviar, stuffed olives, caviar and truffles. It will also make a hamper to suit your ideas and include any message you wish. It can fax or post details of its services.

Friends of the Springbok Association, Friendship House, 45-51 Graham Road, Staines, Middlesex TW18 2BD. Tel: 0784-485511. Fax: 0784-481322. For £5 a year you can join the association - catering to friends and relatives of people living in South Africa - and gain access to its gift service. Its free catalogue contains a small selection of traditional Christmas gifts, such as chocolate, Christmas cakes and hamper, as well as personalised leather wallets and bath towels, stuffed toys, hand-cut lead crystal glasses, or a tea cosy or English countryside calendar. Place your order in Britain and the company will arrange delivery in South Africa. Membership, currently more than 40,000, also entitles you to monthly newsletters and reduced air fares to South Africa.

R.J. Hanson-Moore, 174 Greyling Street, Pietermaritzburg 3201, South Africa. Tel: 010-27331-451-3. Fax: 01027-351-4550. This leading South African publisher of charity Christmas cards operates mail-order catalogues for many South African charities, including World Wide Fund for Nature, the Wildlife Society, the National Council for the Blind, and the Nurses' Trust. Gifts are affordable and similar to those offered by charity mail-order operators in the UK.

Leading Concepts, Private Bag 213, Matland 7405, South Africa. Tel: 010-27-21-683-4888. Fax: 010-27-21-683-4888. South Africa's version of Britain's Innovations Magazine offers a restricted range of goods, updated every couple of months.

World Wide Fund for Nature, Hong Kong, GPO Box 12721, The French Mission, 1 Battery Path, Central Hong Kong. Tel: 010-852-526-1011. Fax: 010-852-526-1011. The Hong Kong branch of the WWF offers occasional gift items, this year's being the Hatching collection. The wooden-boxed sets contain porcelain designs of either sea turtles (representing longevity), crocodiles (authority), quails (moores), and mallard (freedom) in various stages of hatching from their eggs. At HK\$120 (£9) it is a nice gift that also helps support wild life conservation and education in Hong Kong. Gift card included.

A. Andrews & Co (mail order), 35-44 D'Agular Street, 1/F GPO Box 2983, Central Hong Kong. Tel: 010-852-526-6471-6. Fax: 010-852-510-1025 or 877-2404. Its catalogue offers a wide range of household products and gifts including children's toys, musical instruments, videos, and CDs. High handling costs mean minimum orders must be about £75, but it would not be hard to spend that much.

## Hilary de Boer shops abroad - without leaving her UK home

cake costs £13.35 (£7.70) with surface-mail delivery an additional \$4.45 to Canada (allow four weeks), \$10.45 to Japan (allow six weeks), elsewhere \$4.45 (allow 8 to 12 weeks). National Trust of Australia, Mail Order Dept, PO Box 9643, Melbourne 3001, Australia. Tel: 010-613-654-4711. Fax: 010-613-650-5397. Hand-painted silk scarves, embroidered pillow-cases, sterling silver jewellery, cotton T-shirts, toiletries, books and a good selection of garden and kitchen accessories - including the "Aquatics National Trust House tea towel" - are all available at reasonable prices for delivery throughout Australia.

Australian Wine Centre, "Down Under", South Australia House, 50 Strand, London WC2N 5LW. Tel: 071-926-0751. Fax: 071-939-9021. The London-based outfit will deliver wine anywhere in Australia for a £10 delivery charge. A case of Jacobs Creek red or white wine costs £48 (without delivery), a case of Seaview Brut sparkling wine £55, while a case of Petaluma Chardonnay costs £180. You can send any number of bottles - even a single bottle of Australian or French bubbly if you wish.

Don Whyte's Wineshop and Vintage Cellars, 210-212 West Coast Road, Glen Eden, Auckland 7, New Zealand. Tel and Fax: 010-649-818-6005. Don Whyte's offers a selection of wine baskets and hampers to help celebrate any occasion - ranging from the Good Times hamper at NZ\$45 (£15) with wine, cheese and crackers, pâté and chocolate, to the De Luxe version at NZ\$150, includ-

## Cookery/Philippa Davenport

### Will a real tomato please stand up?

THIS IS the time of year when there should be a glut of tomatoes ripened on the vine and tasting of sun. Just the job for stuffing pauchilly, slicing into salads, simmering to pulpy sauces, and so on. But what chance has the British shopper of finding anything approximating the real thing?

I am sick of tomatoes that are tomatoes only in name. The Dutch, our major suppliers, seem to have an uncanny knack for breeding out all the flavour. The British are obsessed by uniformity of looks and to hell with the taste. An Israeli producer once told me that he grew all his crops in duplicate, one lot for home consumption and a second watered-down version developed for British buyers. No wonder European countries feel free to fob us off with their seconds.

Are our palates really as indiscriminate, as unsuited as they think? Do we really care so little about taste?

A few years ago I rejoiced at the arrival of plum tomatoes in Britain. Those first imports were few and far between. And pricey. But they were the real thing. Now plum tomatoes are widely stocked and much cheaper - but far less desirable. For today's offerings are only *soi-disant* plum tomatoes, often woolly textured and lacklustre in flavour, but oh so neatly shaped.

Having tested the market with the real thing, who decides, and who controls the product will do for us? The saddest tomato I have eaten this year was a monster created by Sainsbury, the supermarket chain. A cross between a tomato and a pepper and lacking the virtues of either, the company deems it "perfect for stuffing". I weep to think of the time, money and effort spent in developing it.

An inkling that food is a matter of concern for the taste-buds arrived in some shops this summer marked "grown for flavour". Food grown for flavour for the British market? Well I never. These "new" tomatoes are better (or should I say less awful) than the general run, but they are still a pale imitation of what the gardener can grow at home.

From means to good tidings - at least for those who live near Egham, Surrey. Food writer Anna Del Conte, who probably knows and minds more about good tomatoes than most of us, took me recently to a pick-your-own nursery there. Called The Green Landscape, in Hurst Lane, it is run by two Sicilian brothers and sells tomatoes as they should be - richly flavoured, firm and ripe, not dull and mushy; fleshy, not cotton-woolly or awash with seeds; juicy, not watery.

There was a luscious small thick-skinned variety, which I was advised to choose for sauces. There were tiny cherry tomatoes and massive Marmande, as knobbly as nature intended, like a man's clenched fist, and full flavoured. There were traditional plum tomatoes and an unusual elongated plum variety with pointed ends. Some of these were labelled "please do not pick"; they are being saved for seed.

Asked why their tomatoes taste so good the answer came "We use no chemicals. We don't force them in any way, just let them take their own time."

In addition to tomatoes, Green Landscape produce includes green and white courgettes, green peppers and three sorts of aubergine. Flat leaf parsley, rocket and basil are sometimes available. Opening Mon-Sat 8am-6.30pm. Sun 10am-noon.

PAPPA COL POMODORO (serves 4-6) First there was gazpacho, now this substantial Tuscan tomato soup is favourite. 2 lb-2 1/2 lb tomatoes; 1/2 lb stale crustless bread, preferably ciabatta or pugliese; 4-6 garlic cloves; 4-5 tablespoons extra virgin olive oil; 2 1/2 pints water or stock; a good handful of basil leaves; a little sugar, tomato paste and lemon juice.

Break the bread into pieces. Soften and soak it in some of the measured liquid while you peel, core and roughly chop the tomatoes and finely chop the garlic. Warm the oil in a soup pan and soften the garlic. Stir in the tomatoes and simmer for a couple of minutes. Add the bread pulp and the rest of the liquid, plus salt, pepper and a little seasoning each of sugar, tomato paste and lemon juice.

Cook very gently for 1 1/2 hours, stirring occasionally to

prevent sticking. Add the roughly torn basil, cover and set the pan aside for 5-10 minutes. Thin to taste with extra stock or water, check seasoning and serve warm, not boiling hot.

## BAKED TOMATOES IN TARRAGON CREAM

(serves 6) Very simple and good, this goes well with fish as diverse as salmon and smoked haddock, and with grilled chicken, calves' liver and lamb chops. 1 lb cherry tomatoes; 7 fl oz (1 x 20 cl carton) of crème fraîche; a little butter and fresh tarragon.

Skin the tomatoes and lay them in a buttered baking dish. Cover with foil and bake at 375°F (190°C) gas mark 5 for 10-15 minutes until hot. Scald the cream with a sprig of tarragon, letting it bubble and reduce to a coating consistency. Add pepper and some torn tarragon leaves and pour the sauce over the tomatoes. Tilt and shake the dish so the tomatoes roll about and each acquires a creamy veneer.

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## OUTDOORS

Private Passions: Hang-gliding may not be everyone's idea of relaxation but for Richard Gourlay and Bernard Clifford it's like walking on air

## On a winch and a prayer

"Once you have tested flight you will walk the world with your eyes turned skyward." Leonardo da Vinci, *renaissance man and aviator-maniac*.

ON A OPE below the Diablerets glacier into silky smooth air. As I waited above the resort town of Villars the breathless early morning calm made the act of flying as natural as riding a bicycle.

Putting on some speed and banking, I listened to the wind increase through tense rigging as I crossed the valley to inspect some cows grazing beside a secluded chalet. Thirty minutes and 4,000 feet later, after a forlorn attempt to find rising air above a disused quarry, I set my glider down in a field of stubble, elated and deeply satisfied.

Not exactly a *Boys' Own* tale of derring do. But in the absence of thermal conditions — hang-gliding's equivalent of fresh powder to the skier — it is the kind of flight that all but the most hardened competitive pilot might consider memorable recreational flying. As a sport hang-gliding is rarely associated with serene, incident-free flight. For this, perhaps, we have Icarus to blame. Faced with the chance to leave *terra firma*, many people recoil in horror, blinded by a vision of tumbling earthwards with some modern variant of winged wings.

But the sport is much safer than 20 years ago when some Californians modified the

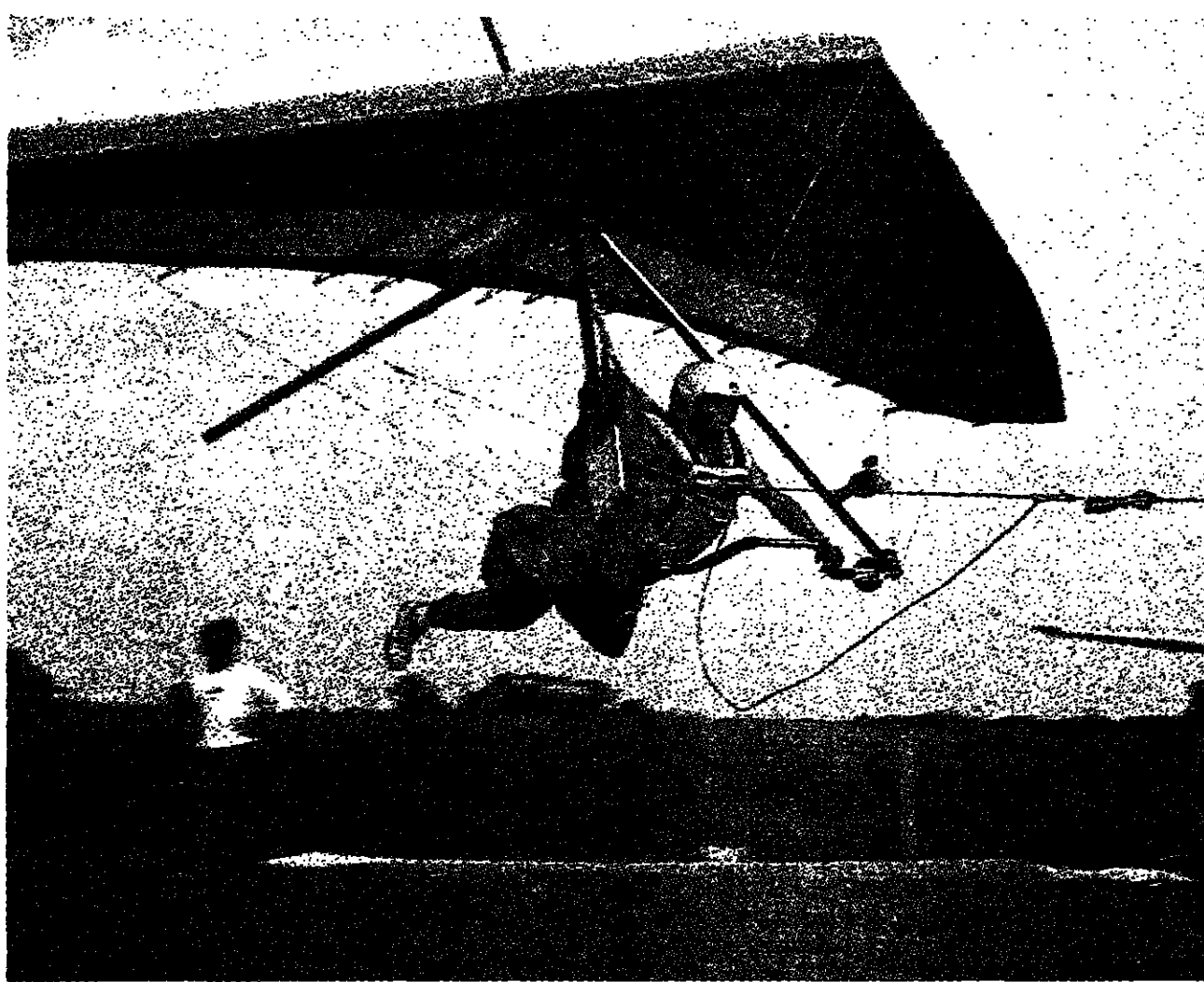
flex-wing parachute, developed by Francis Rogallo for National Aeronautics and Space Administration, and found a new way to stay high. New materials and a better understanding of how a wing works have banished for good the practice of jumping off hills on a wing and a prayer.

As well as becoming safer, hang-gliding can also be considerably easier to learn. Most of the pilots registered with the British Hang Gliding Association, had to display a well-developed masochism even before getting more than a few feet off the ground. I learnt on hill sites where much of the day not spent carrying 50 lbs of glider back up the hill involved removing the machine to another site because the wind had changed direction.

Frustrated by this, and inspired by experiments in Texas, Rona and Tony Webb developed towing in the flat lands of Norfolk. Their method, adapted by a handful of other schools in the UK, has rescued dozens of students whose enthusiasm for flying was nearly destroyed by the rigours of learning on a hill.

The system uses a car engine, an automatic transmission and a host of safety devices to tow the pilot, rather like the static launch of a sail-plane. The winch driver, guided by the instructor, can pull the novice to 10 feet — or the more experienced student to 700 feet — where the tow line is released.

If the wind changes direction, you simply shift the



On low: Richard Gourlay in the anxious minutes of take-off

position of the winch. Not only does this allow a student the luxury of wheeling the glider back to the take-off point, it is allowing far more women to come to a sport that has largely remained a male preserve because of the ardour of early training on hills. Once airborne, a glider is so balanced that strength is rarely a limitation — as Rona Webb has demonstrated, beating all but seven men and one other woman in the BHGA

cross-country league table.

Most pilots who learn through towing return to hill-top launching. But towing — and even more so aero towing which is currently banned by the UK's Civil Aviation Authority — has produced some spectacular results, notably the 304-mile cross-country record flight by Larry Tudor from a ground launch in Texas.

Normal mortals cannot expect this degree of success.

But after a five-day course the novice can already float above the countryside and dream of going to cloudbase in a thermal. These elusive aerial escalators make waiting down a Swiss valley look positively pedestrian. They transform life in the country. No longer is a flock of swallows mere birds — they signal that a thermal has popped off a nearby field taking with it bugs on which the swallows are feeding.

Fluffy clouds on an August morning become a signal to scramble to the tow field or hill as the thermals develop into cumulus clouds.

Thermals, and the promise they give of eight-hour flights across country, lead to most *après-flight* gossip, like the admission from one leading woman pilot that she wears a nappy when flying long distances.

Hang-gliding, like golf, fishing and almost every sport, is relieved at the equivalent of the 19th hole where in intoxicated flights of fancy tales are woven about the thermal that got away.

It is in these watering holes that the old captains of the air can be found surrounded by glassy-eyed students, the veterans of Rogallo and Delta wing, survivors of collapsing wings and deployed safety parachutes.

Not far below the surface is a tinge of nostalgia for the old days perhaps captured by the graffiti on a T-shirt doing the circuit. "Remember the days when hang-gliding was dangerous and sex was fun?"

## Reaching for the skies at 63

OWNING AND operating an aircraft is beyond the means of most of us. The basic, 40-hour private pilot's course costs at least £3,500 these days. An hour in a light, single-engine machine will cost between £55 and £100.

When I was a boy I joined the Air Training Corps and learned to glide, then I joined the gliding club and invested in a few hours of dual-control instruction on light aircraft. Many years later, when I was 55, I began to notice reports of something new on the horizon. I decided to take to the skies in a hang glider: a foot-launched assembly of Duralumin and Dacron. It seemed a very modern form of coming simplicity, and I thought it could not possibly cost much. I was half right.

However, this year, at the age of 63, I decided my old glider needed replacing. My new one cost £900 and it is wonderful. The uncertainties of British summers, meant that it was not until a year after my first five-day course on the Sussex Downs that I completed my instruction. The course included a straight running take-off ("running" means on your own legs); 180 degree turns while airborne;

initiating and recovering from a gentle stall; and a stand-up landing, following 700 feet of novelty-packed descent. At first, flat-on-my-face landings usually outnumbered my stand-up landings — but they still counted as an "arrival". Landing on long-suffering livestock is not count as a qualified flight.

When you are learning, the ratio of ground activity to flying seems frustratingly high. Safe air-familiarisation is learned by "tethered flying": each wingtip controlled and guided by a helper holding a few yards of line, enabling the glider to "fly" in the ridge breeze while remaining stationary. This allows the pupil, comfortably suspended in a harness hanging from the keel, to shift his or her body-weight forward and back and from side to side.

The first modest free flight may be a mere hop. Nevertheless it is an act of faith which makes the pulse quicken. Strapped into the harness, you lean forward and

run downhill, inching the bar out, feeling the "lift" build under the wing. Suddenly your feet are kicking at air and you are flying — emotionally as well as physically.

You leave the ground at an acceptably slow speed, and the glider responds to the weight of your body transmitted through your hands "on the bar" (the base of the hang glider's triangular control frame). It is not exactly on a par with making vapour trails in the sky, but you run the same risk of addition.

Scanning the panorama of patchwork fields, toy-like trees and minuscule farm buildings, and riding the smooth flow of the ridge lift, you become part of a picture postcard. Above and around is an enormous sky. When it is time to step down into the scenery, your state of passive contemplation abruptly shifts.

Sometimes it is the voice of your instructor — belted from the ground, or by radio, with the receiver attached uncomfortably close to your ear — which brings you back to earth. You become more aware of wind strength and direction. You check the wing level, the restraining comfort of the harness and mechanical assembly points.

Is the ground ahead of you, on which you will run from your touch-down point while landing, clear of rabbit holes and obstacles? Is there another glider in the offing? Has the wind shifted a degree or so?

For 1575, I persuaded my instructor to sell me a hang glider weighing 50 lbs. You can de-rig them, roll them up and shrug them on to a car roof rack.

Ten years or so ago an inevitable further innovation appeared: a strengthened hang glider frame with a rear-mounted lawn mower engine — in other words, the aeroplane, reinvented. But with engines come increased costs, more elaborate structural and rigging procedures, and the necessary strictures of the Civil Aviation Authority (CAA).

At this point, "flying" stops being so pure or simple.

B.C.

### Food and Wine

## Awards for the awarders

Jancis Robinson doles out her own medals to the wine contests

IN OFFICENCES and wine shops all over Britain, sales staff will be cursing the fiddly little bits of paper they have been sent from *the wine world* to customers to hand out. This wine won a Silver Medal at the 1991 International Wine & Spirit Competition while that one was Commended in the quite distinct, 1991 International Wine Challenge. Do the stickers, neck labels and posters have any real significance for the wine drinker, or are wine competitions simply a public relations exercise for those who run and participate in them? Those results in full:

### International Wine Challenge

Run by *Wine* magazine, the lively monthly rival to *Decanter*, this is the newest but already the biggest wine competition based in Britain, wine's favoured neutral territory.

This year 300 tasters between them judged 4,500 wines from around the world during a hectic biennial week in May. Although about half the entries were French, the results just announced reveal a distinctly anti-French bias.

"Red Wine of the Year," which has to be available in quantity and not too expensive as it is served at the prize-giving dinner, is Penfolds Bin 28 Kalimna Shiraz (around £5 from Oddbins, Bottoms Up, Safeway and many more); its white counterpart an Extra-Deux-Mers made by a Australian-trained winemaker Ch Haut-Bedon 1990 (about £4.50 from Threshers/Wine Rack); and the sparkling glory is shared by California, Australia and New Zealand.

Points for: Genuinely international but neutral. Categories are designed to find the best Chardonnay entered (1989

Kumeu River and 1989 Elston, Te Mata) rather than which New Zealand Chardonnays deserve medals. Only about a quarter of the wines entered (by British merchants) receive medals, although another quarter are merely Commended, which allows their retailers to garland them with stickers and certificates advertising *Wine* magazine.

Points against: Organisation and tasting conditions are enthusiastically well-meant rather than technically perfect. Wines tasted from sometimes barely-disguised bottles in roasting bag overalls. Judges, drawn mainly from the trade, can find themselves hurried from one category to the next in an atmosphere that more closely resembles a carnival than a pontification.

This judge's award: Silver medal

### International Wine and Spirit Competition

Now in its 22nd year, the IWSC has had to work hard to throw off its original image, encapsulated in the headline traditionally used by the trade weekly *Off Licence News* above its results: "Every One A Winner."

Now run more seriously by a group of wine lovers and ex-traders, the competition is based in Oakley, Surrey at the laboratory of Corkwise, a sister wine analysis company of which IWSC is the most important customer.

Points for: Not surprisingly, every wine is technically analysed, which throws up some interesting results (such as, this year, that the use of copper in vineyards and cellars seems to be increasing) but has little effect on the competition other than the exclusion of obviously faulty or technically illegal entries (seven wines, less than 1



per cent, this year).

Ever since wine trade gentleman Harry Wagh was roped in they have managed to recruit a top-flight name as annual president — Peter M F Sichel of New York this past year. Clinical tasting conditions from ready-poured glasses. Tastings spread sedately over 13 weeks.

Points against: The entries from the world's wine giants France and Italy combined composed less than 10 per cent of this year's 1,066 entries which came mainly from the New World. Small wonder perhaps that South Africa (135 entries, one panel chairman, two judges and two sponsored trophies) scooped the greatest number of medals. Medals magnanimously awarded to 58 per cent of entries in national categories, so that every one wins a winner from Argentina, Austria, Brazil, Hungary, India, Israel and Yugoslavia.

Award: Bronze Medal

### French Medailles d'Or

Shiny gold circles stuck on to bottle necks that denote gold medals won at either the Paris or Macon Fairs really

are worth something. Awarded by a panel of judges familiar with exactly what each appellation should taste like. Award Gold Medal

### Deutsches Weinsiegel

The German Wine Seal is awarded by the DLG (don't ask) to top scorers in national comparisons, judged like French Medailles d'Or by regional experts. Bottles with a narrow gold or silver strip across the neck really are superior in my experience. Award: Gold Medal

### Australian gongs

The Australians are the keenest judges of wine in the world, doing at it state by state, sometimes tasting 200 wines a day. Their excuse, that the nascent wine industry needed guidelines, has long since worn thin, but the judges, technically-trained sniffer dogs, go on out-tasting the next fellow just the same. Many back labels on exported bottles list dozens of gongs, but beware the Show hierarchy; a Hobart Gold may warrant only a Bronze in Sydney or Canberra.

Award: Silver Medal. These awards are all very well but necessarily non-representative. The big problem for the consumer is that the producers and purveyors of the world's most sought-after wines are, understandably, wary of exposing them to gladiatorial combat.

Nevertheless, the schemes outlined above provide useful signposts when searching out reliable, clearly-defined low-to-medium-priced wines but, whatever the organisers say, subtle and slow-maturing wines are a disadvantage, especially towards the end of the judging day.

## East Berlin's new menu

IN August 1987 the Grand Hotel opened in the centre of Berlin. It had taken two years to construct the traditional-style luxury hotel and a great deal of care had gone into creating east Germany's one real five-star hotel.

Apart from a series of theme bars along Friedrichstrasse, the rooms and restaurants had to be paid for in hard currency. Here the occasional east German customer could expect a

standard of luxury quite unheard of in the rest of his country. I say occasional for the majority of the clientele were businessmen and diplomats from abroad.

Two years later everything changed. First the Wall came down, then east and west merged. Since, the future of

the Grand, and 34 other state-owned Inter Hotels in the east, has been uncertain. Their fate is in the hands of the *Treuhand* organisation which is charged with the immense task of sorting out what belongs to whom after years of Communist rule.

The *Treuhand*'s decision could come any day now, but until it does, east Berlin is marking time. Very little has changed. In the Grand, where the food was always exceptional by eastern standards, there is a greater availability of certain foodstuffs such as lobster and Mediterranean fish which used to require large amounts of hard currency to purchase from the west.

These days lobster, strawberries and asparagus are even freely available in the former hot polloi sections of the Grand which front on to Friedrichstrasse. But in spite of greater choice for chefs Strobel and Ay, the place is still decidedly eastern chic.

Upstairs in the Silhouette restaurant the "theme" is the dinner dance; the Forellequinn-

tett next door is preoccupied with fish dishes with an accent on the Spreewald; it is all a little twee, a sort of gastronomic Disneyland in the middle of the austere realities of life as it was (and still is) in east Berlin.

A westerner may not open a restaurant in the east until the *Treuhand* has worked out what's what. In the old days there was only a small amount of private property under the Communists, but where that exists the owners are now free to use it as they wish.

I asked a young German why more easterners had not availed themselves of the opportunity of making some money out of the increasing numbers of tourists who find their way to the city centre now the formalities have disappeared. "They wouldn't have the nerve," she said.

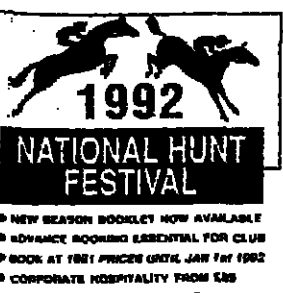
Cola, soft drinks, the purchase of a sausage stall: these are the limits of eastern experimentation to date. "And the thriving, bustling Prenzlauerberg, what about that?" I asked. "That was all there before uni-

fication, and nothing has changed since."

I went for a look anyway. Around the lower end of the Husemanstrasse and on Kollwitzplatz is a concentration of pretty bars and restaurants in a well-restored group of old Mietshäuser. In the last days of the old regime, these were favourite bars for young professionals. The same clientele can be found today enjoying the summer evenings with a glass of beer, only occasionally visited by the bravest Italian or French tourist.

I ate a meal in the Rosenstübchen, opposite 1900 where it was impossible to find a seat. I cannot, in all fairness, say very much about the food; certainly there had been no attempt to use fresh ingredients. The service, however, was friendly in that teasing, half-mocking Berlin style. However, when I got back to the west end of Berlin later it was hard to resist the temptation to eat a second, more appetising meal. This is how things will remain for a while; when the *Treuhand* delivers its report, things could hot up in the Prenzlauerberg.

Giles MacDonogh



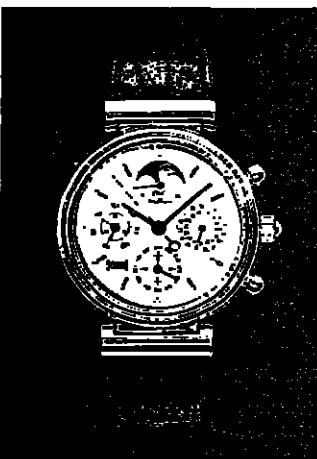
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# Good grub and good grammar

SHOULD there be a sign saying "Abandon hope all ye who enter here," I wondered, as I entered the Centro Linguistico Italiano Dante Alighieri on the first morning of my Italian course.

There certainly seemed to be an infernal confusion inside. The school's director, Alberto Materassi, rescued me, explaining that it was always like this on the first day, and sent me into the garden to join dozens of other newcomers poring over their selection tests.

The general air of friendly chaos belied the school's well-kept procedures. Founded in 1968, in 1990 nearly 1,600 people from 28 different countries studied at the centre, housed in a 15th century palazzo near the Ponte Vecchio in the heart of Florence.

On the basis of the written test and the interview which followed, each of us was allocated to one of the school's nine levels of competence, from beginners to those wishing to teach Italian as a foreign language.

Our studies began in earnest on the second day. Conducted entirely in Italian, each day's session of four hours with only 15 minutes break, required considerable concentration.

Classes at the Scuola are small - about 10 to 12 students in each - and there was little opportunity to daydream.

The teaching method at the Scuola is based on respect for the structure of the language. The teachers are graduates, mostly in political science, philosophy or languages, and the school trains them in its own aims and approach.

My classes started at 9am. The first two hours were spent in the formal study of Italian grammar, although "formal" hardly describes the vitality and charm with which my teacher, Miria, explained the vagaries of the Italian prepositions.

The second half of the morning was devoted to conversation. Miria quickly liberated us from the pedestrian passages in our text-books and students took it in turn each day to select a topic and prepare an introduction. We discussed, albeit haltingly,

everything from magazine horoscopes to animal rights.

Frequent howls of laughter counterbalanced the frustrations of being unable to express our ideas. On one occasion, all conversation stopped entirely as we listened to a Japanese lyric-soprano giving an informal concert to her fellow-students in the class next door.

The days quickly found a pattern. I was amazed at how tired I felt at first and soon developed the habit of getting my homework out of the way as quickly as possible. After lunch, at the Scuola's noisy, cheerful (and very cheap) cafeteria, or a favourite local cafe, I returned to the school and spent an hour or so on the terrace getting to grips with my assignment for the day.

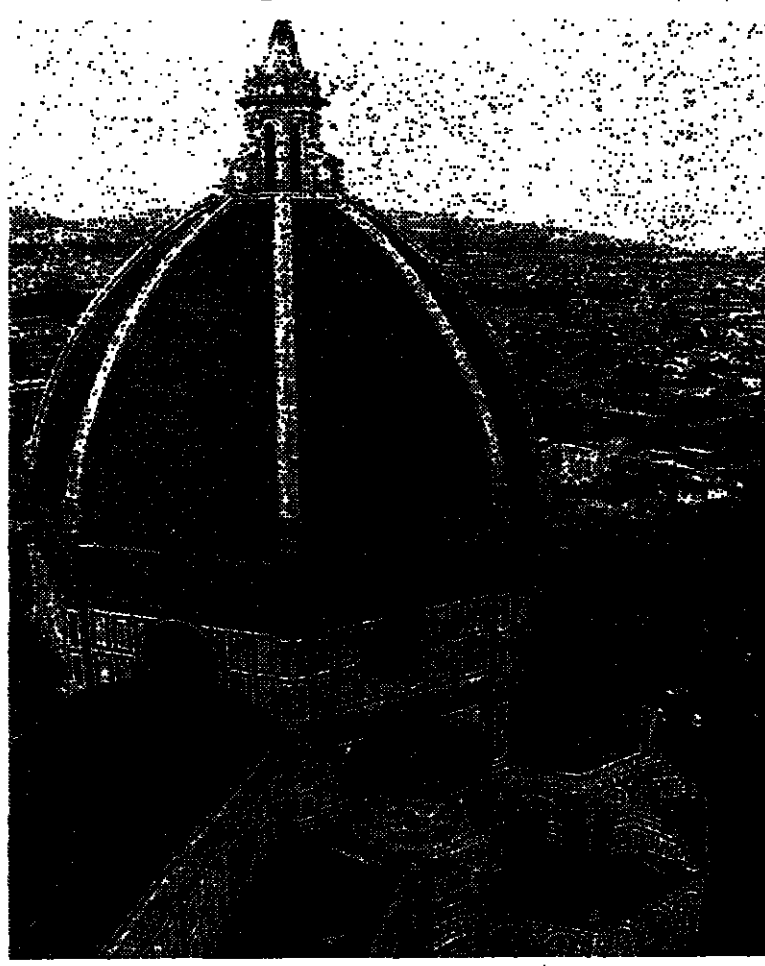
Like many others, I fell in love with this spacious terrace furnished with marble-topped tables and terracotta urns overflowing with greenery. It commands one of the most beautiful views in Florence and is a delightful retreat, where students can work, read or talk.

Language-learning is a great leveller. In the comic confusion of trying to communicate with a unfamiliar tongue, inhibitions fall away and friendships flower. In a week, I felt more at home, both at the school and in my lodgings, than I had done after a year at an English university.

Alberto and Gabriella Materassi are keenly aware of the importance of creating a warm atmosphere for all their students, whether they are university graduates, insurance clerks, opera singers or bank presidents.

"They are all students to us," says Gabriella, who teaches the intensive one-to-one courses she pioneered at the school 22 years ago. "And the better the experience, the better the learning of the language."

Most of Gabriella's students are men, highly-established in their professions and accustomed to command, and they rarely find it easy to adapt to being students again. "It requires a great deal of patience and the right psychological approach," says Gabriella.



Brunelleschi's dome, one of the wonders of Florence

The right accommodation also makes an enormous contribution to the quality of a student's experience. The Scuola is non-residential but will find a suitable hotel, pension, apartment or host-family, depending on the student's inclination and pocket. Many young people opt for the freedom of an apartment but living with a

family is a unique opportunity to gain an insight into Florentine life and culture, not to mention the advantages of total immersion in an Italian-speaking environment.

The school could not have made a more fortunate choice for me. From the moment of my arrival at the immaculate, marble-floored apart-

ment of the Sicuteri family, about 10 minutes' bus-ride from the centre of Florence, I felt as welcome and at ease as if I had been an old friend. Fiorella and Ferdinando Sicuteri have a love of their native city amounting to a passion. Fiorella cooks *cum amore*. Over dinner each evening we discussed everything Florentine from *panzanella* to the Pazzi Chapel, although we found that "mmm!" meant the same in any language.

The Sicuteri family have been hosting students for the CIL Dante Alighieri for over 10 years but Gabriella Materassi admits that such families are not easy to find. "We started off with friends of our own and they introduced other people. But it's the most difficult thing. It's not just a question of whether a house is clean and comfortable. It's whether the family can provide the right ambience to help students understand not only the language but the quality of Italian life."

Living in an Italian home and resisting the temptation to lapse into English with fellow-students, I found that learning became a 24-hour process. I had arrived in Florence having learned all I knew by ear and the formal aspects of the Scuola's methods gave me a much-needed grammatical base.

Obviously, no language school is ideal for all students. The Scuola's strong grammatical bias may disappoint people who are looking for a less academic approach. But I have just conducted my first interview entirely in Italian. For me, there's no justification at all for abandoning hope.

Information: Centro Linguistico Italiano Dante Alighieri, Via dei Bardi 12, Florence. Tel: 055-2343984. Fax: 055-2343766. Course GS costs £230 for four weeks. Accommodation with a host-family costs about £30,000 per day half-board. Further information and booking also through UK agents: Cultural and Educational Services Abroad (CESA), 44 Sydney Street, Brighton, Sussex BN1 4EP. Tel: 0273-653944. Fax: 0273-653954.

Marilyn Bentley

**W**ITH THE advent of 1992, language training for business is a rapidly growing market, reflected by a corresponding increase in providers of business language training.

Jonathan Smith, a linguist with 14 years' industrial experience in European sales/marketing, tells you how to look for the signs of quality pointing to language training organisations which know how to train effectively and deal in a businesslike manner with corporate clients.

This is a checklist which a company training manager or individual language learner can apply:

1 Methodology. Do they use a modern, communicative approach which emphasises practical use of the language right from the beginning?

2 Materials. What course materials do they use - published ones, their own or (preferably) a combination of the most suitable materials for your requirements? Ask to see the language teaching

## Trainers' checklist

materials they propose to use for your organisation.

3 Media. What use do they make of additional media to support their training programmes, eg audio, video, satellite. This is important to reinforce the training and add variety and interest.

4 Professionalism. What experience/qualifications do their language trainers have to teach? The single most

important criterion is that they are effective teachers, fluent in the language, preferably with a UK or other EC degree in modern languages, an additional teaching qualification and an appropriate track record in training business people.

5 Training Needs Analysis. Will they examine your particular training needs in detail and design a programme to meet them? They should make you a written proposal detailing timing, aims, materials, evaluation procedures and costs.

6 Language Audit. If your organisation is large enough to have an existing, dormant foreign language capability, will they carry out a survey of existing skills?

7 Quality Control. Ask them about their QC mechanisms. How do they evaluate the trainer's performance, assess the progress of trainees and obtain customer feedback?

8 Track Record. Are they part of a reputable training organisation or member of a professional body?

9 Training Outcomes. What objective measurement do they have of the effectiveness of their training? Do they train to any nationally recognised qualification, eg RSA, Institute of Linguists, London Chamber of Commerce?

10 Competence. Do they sound businesslike and market-oriented, without trying to blind you with hype and jargon?

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## SPORT/MOTORING

Golf/John Hopkins

## The joker in the Ryder Cup pack

DAVID Feherty is most people's idea of a good man to have dinner with. He is bright, articulate, personable and witty in a world full of people who are not. You would not want to be stuck at a bus stop with many of the professionals on the European Tour. With Feherty you rather hope the bus will be late so you can relish the gossip, humorous and entertaining nature of his conversation for a little longer.

Among those men who play golf for a living in Europe, there are not many who have been both caddy and professional, who read Zen books and quote PG Wodehouse, listen to opera on a compact disc player and are members of the National Trust and admit that they relate strongly to the *Norman* characters Woody Allen plays in films.

"Woody," says Feherty with a rueful smile, "says things like: 'I saw hope running to the horizon with his ears on fire'. Now that's the sort of fellow I can understand."

In south Carolina over last week Feherty was relaxed, at ease with himself and not noticeably on fire. He appeared to be enjoying his first week there to encourage him and he could hardly walk five yards without hearing the familiar Irish tones and intonation calling out to him "come on David, good luck, David," or "well played David."

On Kiawah Island's Ocean course, there came one of those one-liners that Feherty has made his trademark. "This is the High Temple of Stress," he said, meaning the hoopla that surrounded the current Ryder Cup, which is by far the biggest ever seen in the US.

Feherty is a good enough player to have won nearly £750,000 in prize money alone in the past six years. Yet the way Feherty tells it, he would

rather be doing almost anything else. He makes it sound as though he's selling shop-soiled goods. He might be one of Europe's best but it is at doing a job he often doesn't like and sometimes hates.

"Golf is a perversion for me," says Feherty. "I have to want to be where I am not going to enjoy it. My over-riding ambition is to make enough money to be able to give up playing golf. This business of players liking the pressure is a macho thing and I don't believe it when Jack Nicklaus says he loves the pressure. I tell you what, the next time you see Nicklaus facing a six foot downhill putt that curls from left to right you tap him on the shoulder and ask him how he feels about it."

Feherty is not only a man you seek out to eat with at night. He is a man journalists home in on in search of a good quote. Here are some of his most recent. At the US PGA championship this year he was asked about the length of the course, Crooked Stick: "It's so long it's the only time I've had to take into account the curvature of the earth in doing my yardage."

At the same championship Feherty said: "If this course is 7,000 yards long then that's as the crow flies. I've walked 9,000 yards - and that's only on the front nine."

At the same championship an American TV commentator said to Feherty: "You don't seem to have used your six iron much this week, David. Why is that?"

"I used it last night to smash the fire alarm in my hotel room."

At the Dunhill Cup in 1990 Feherty defeated England's Howard Clark at the fourth hole of a play-off, thus ensuring victory for Ireland. No sooner had Feherty played the winning stroke than the man from BBC Radio was there at his side, microphone at the ready. "Were you nervous David?" asked the reporter.

"Do you want to see my underwear?" replied Feherty. "David, you do realise this conversation is going out live on BBC Radio don't you?"

"I know. Do you still want to see my underwear?"

Few subjects get Feherty's goat more than that of golf course design. He came off the Valderrama course at Sotogrande last year after competing in the Volvo Masters and said: "This must have been the last act committed by Walt Disney before he died."

Recently Feherty and his close friend and mentor David Jones formed their own company to design golf courses, Handmade Designs. Their course, swears Feherty, will be playable by all standards of golfers and not just long, straight-hitting low handicap amateurs.

When he played at St Mellion, the Jack Nicklaus-designed course in Cornwall earlier this year, Feherty was asked what he thought of the course. "We've been diddled," he said. "This wasn't designed by Jack Nicklaus. It was designed by Barbara" (Nicklaus's wife).

After one practice round at the Ocean Course, Feherty was asked for his reaction to the course designed by Pete Dye, the American designer. "It's not like something in Ireland or Scotland, it's like something from Mars," he replied after barely a second's thought. "Like a lot of modern courses victory won't always go to the guy who hits the ball best but to the one who takes all the rubbish."

In practice on Thursday, Feherty and Torrance were taking all the rubbish. They found themselves facing a razor sharp partnership in Bernhard Langer and Mark James and on the 17th, a 200-yard par three, the two Celts could do nothing but stand and applaud when Langer holed out with a six iron for an ace. Then when the format changed from four-ball to four-



King of one-liners: David Feherty says "golf is a perversion for me"

some, Torrance and Feherty were up against it once again. Neither was quite at his best and this explains Gallacher's thinking in leaving them out of yesterday morning's foursomes.

Feherty, then, is a singular man. He collects antique furniture and high powered cars. He lives in a converted 300-year-old watermill in Bangor, northern Ireland, his birthplace, and in Johannesburg, where his wife Car-

oline comes from. He plays a good game of golf and talks one that is just as good.

A few years ago he began to visit Alan Fine, an outstanding sports psychologist and Feherty's success since then has been striking. Typically he explains this in his own vivid way. "Before I met Alan I was like a blind man looking for a black cat in a dark room."

to reach the quarter finals.

The one country that has everything that the All Blacks have - and more - is Australia. A rock solid front row, a superb line-out, a tearaway back row and perhaps the best half backs in the world. What more do you need? You need the experience that only comes from years of touring, from playing hundreds of Tests against sides that want to topple you. This breeds an inner resolve that the New Zealanders have in abundance.

There is no aspect of coaching or preparation the Australians have not examined but this sort of experience cannot be coached. It must be learnt. Australia have advanced to the final and they have not been able to acquire. This may be their downfall when, as I expect, they face the All Blacks in one semi-final in Lansdowne Road on Sunday October 27. Man for man the Australians look better. Can they prove that on the day?

Whoever wins that game will win the World Cup. And I think it will be New Zealand - by five points in Dublin.

J.H.

## Rugby Union

## All Blacks hold the edge

THE CITY will come almost to a halt on Thursday afternoon. Do not expect your stockbroker to return your calls. He will be at Twickenham. The City shuts up shop annually for the Varsity match each December but that is small beer compared with what will happen this coming week.

The second World Cup starts on Thursday and the opening ceremony gets underway at 2 pm. An hour later England will play New Zealand in the opening match of what is being described as the biggest sporting event in Britain since the World Cup of 1966, soccer's world cup that is. You get an idea of the size of this year's event from these figures: 63 countries will receive televised transmission with an estimated audience of more than 2bn people generating an estimated £25m.

It will be a relief to get on with the money. To date, the World Cup has been synonymous with scandalous accusations of incompetence in many areas. There was a row over ticket allocations. It has been said that the press coverage has been poor. Many people in

rugby are puzzled at a system that can leave Clive Norling, the world's best referee, in the stand during the month-long championship. The commercial advisers have come in for criticism. To cap it all, with less than three weeks to the opening ceremony, Keith Prowse, the leading UK ticket agency, went bust.

By tea-time on Thursday all these issues will have been overtaken by the outcome of the England v New Zealand game and the questions arising therefrom. The chief one of these is whether England has any chance of winning the World Cup. We know New Zealand has. The All Blacks, the reigning champions, are narrow favourites.

It is fashionable to say the All Blacks are not what they were. Their forwards are not as fearsome or fast and their backs are a less potent strike force than in teams of yore. But, nothing is what it was, not the pound sterling nor the

Bank of England, nor Mars bars nor the Rock of Gibraltar.

Though I admit the All Blacks are not as strong as they were in 1987, I do not think they are significantly weaker. If we are questioning their grip on the World Cup it is more because of the advance of other countries and less the decline of New Zealand. England are one country who are transformed since 1987. Scotland are another, and Australia, particularly Australia, are the third.

Yet the All Blacks still hold the Bledisloe Cup. They acted quickly after their 21-12 defeat by Australia in the first test, importing John Hart, the gulfstream coach, to help Griz Wylie, and stopping up the cracks in the forwards apparent in Sydney. The result was a dogged victory in the second test in Auckland. New Zealand has the greatest heritage of any nation in the World Cup. No one tours as well as the All Blacks, who are

never better than when they are embattled. Most of all, they frighten the opposition, though no one would admit it.

I believe the Australians lost their nerve when faced with victory in the second Test recently. Deep in their subconscious they were too respectful of the New Zealanders, their heritage, their position in the game, to nail them as they were capable of doing and should have done.

For England, little if anything has been left to chance. I have in front of me an eight-page programme which lists what England's players and management will be doing at any given moment up to the final in November. It began on Thursday when at 12.30 hrs the squad assembled for lunch at the Petersham Hotel, transferred to a hotel in Hampshire at 14.00 with a press conference at Twickenham en route. At 16.00 came final kitting out and medical checks, at 18.30 a squad meet-

ing and at 19.30 dinner. Later there was ten pin bowling but that was optional.

There is a routine like this for every one of the next 28 days. The attention to detail is remarkable in England's brave new world. It explains partly why England have won 15 of their last 20 internationals, losing only to Wales (1989), Scotland (1990), Argentina (1990), and Australia (1991). England's success or failure centres on their forwards. Can they dominate and thus run the game at their pace, releasing their potent strike force of backs as and when they please. Or will they be on the back foot from the start, moved around the field too fast for comfort, unable to dominate in the set pieces?

Only Scotland have a realistic chance among the other home countries, one that is not diminished by their playing every match at home - so long as they keep winning. Ireland and Wales will do well

## Boxing/Andrew Freeman

## Ali to Watson: the fighters' tale

Muhammad Ali on boxing: "I guess you have to be a little crazy to be a fighter."

Joe Frazier, after their fight in Manila: "I hit him punches, those punches, they'd knock a building down. And he took 'em. He took 'em and he came back. But I sent him home worse than he came. Look at him now; he's damaged goods."

BOXING is dangerous. Michael Watson knew that as surely as anyone. It is sporting combat stripped to its essentials, the purest challenge of athletic skill and strength. The ring is the site of displays of extraordinary courage as well as grotesque mismatches. But, almost against the best efforts of shameless promoters and hapless managers boxing can transcend the humdrum of most physical endeavour and take on almost mystical qualities.

No-one personifies the sport's contradictions better than Muhammad Ali. Thomas Hauser's biography, published in Britain at a time when the dangers of boxing are once again under scrutiny, gives a moving and humane account of Ali's career. His life is rich in ironies, perhaps the greatest being his symbolic emasculation by the white establishment, which first hated him, then gradually accepted him, before finally claiming him as a hero. The challenging, brash young man who sparked political and cultural controversy in the 1960s is now a quiet, largely mute figure, alone with his religion and his memories.

From black villain to black simpson via worldwide recognition as perhaps the greatest boxer, athlete and showman given such rich material, it is curious that Hauser relies on obviously edited transcripts of numerous interviews.

One reason might be that boxing has an unfair share of opinionated loud-mouths. But only a few of the bit players in Ali's hectic life shed light on the man - notably a series of anecdotes on his unreasonable generosity to all and sundry including the undeserving. It is a testament to Ali's enduring power as a sporting and cultural icon that the book

remains highly readable. The big fights in Ali's career receive a full treatment, in particular the 1975 thriller in Manila, his third fight with Joe Frazier. It was a brutal bout, described by Ali afterwards as the closest thing to death he ever experienced. His ringside doctor said the champion took a day before his thought processes were unscrambled. His body took weeks to recover.

Such accounts should be a warning to all those who participate in boxing. It matters little precisely what Ali suffers from today. The fact is that his brain suffered from his perseverance in boxing long past his prime. Boxing is a young man's game, but even young men like Watson get killed. If only so much of the hand-wringing that follows tragedies like Watson's was not shot through with misunderstanding and mis-placed morality.

Some of the boxing establishment's defences of the sport are as crude as Dennis Andries' punching style, but they are as effective. What is the answer to promoter Mike Barrett's cunning comparison with smoking, a voluntary pastime which kills thousands? Governments can barely control the irresponsible selling of tobacco to children. Yet many would see a ban on tobacco as an unacceptable invasion of the personal rights.

Of all the charges made against the sport, the one which really sticks, and which is echoed throughout Hauser's book, is that many of its insiders represent the greatest obstacle to progress. It is striking, though, that the role of television has received so little attention. Hauser and his witnesses show how Ali's career coincided with and catalysed the development of television coverage of boxing. The stakes grew higher, the money flowed faster using boxing's traditional mastery of hype. Ali's greatest hype came in his youth, when his mind was as burning as his fists were stinging.

■ Muhammad Ali, *His Life and Times*, Thomas Hauser with the co-operation of Muhammad Ali. Robson Books £16.95

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Two of a kind: the Peugeot 106 XR (left) and the Citroën AX Debut share mechanical bits and pieces but have individual identities

## Peugeot's child faces a family fight

Stuart Marshall has a fling in France with the 106 TSi but thinks it will face competition from a cousin

THE LAST time I was in the medieval walled city of Carcassonne in south west France I fell in love with a curvy American called Corvette.

With a vast V8 engine of more than 300 horsepower and Goodyear tyre foot wide, it was no more than I had expected. (If you had not guessed, she was a Chevrolet Corvette ZR-1, the best sports car ever made in the US).

Two days later it was all over. I was home in my sensible diesel, happily obeying all the rules. And wondering why Corvette had seduced me into driving on deserted hill roads almost as though they were rally stages.

A moment of madness, a never to be repeated mental aberration? Of course. And then, last week, it happened again in Carcassonne. This time the cause of my undoing was a Peugeot 106 TSi, a pert little gamine of a car, half the size of a Corvette, less than a third as powerful.

We behaved ourselves until we reached the hills. Then it was down into second, get the 1.4 litre fuel-injected engine howling joyfully at 5,000 rpm-plus and the fat (well, plump) 60 series Pirellis biting into the coarse tarmac.

The little Peugeot and I had a wonderful time on those roller-coaster roads, scuttling swiftly through hairpin bends, missing stone parapets by inches as we shot the narrow bridges. It was exciting, but I never felt less than 100 per cent safe and in control.

Half an hour later, back on normal roads and driving at sensible speeds, it was all over.

Uncharitably, I began finding fault. The ride, I decided, was hard to the point of being knobby. The steering, so sharp in the hills, proved heavy in town and when parking. The black-roofed interior was too sombre.

Earlier I had driven two other 106s, one with a 1,390cc, 75 horsepower engine, the other a 1,124 cc producing 60 horsepower. They are narrower

tyred and less firmly suspended. Their ride and seating comfort, general handling and refinement were as good as I had anticipated when I inspected a couple of 106s in the unusual surroundings of a London hotel some weeks ago.

The 106 looks like a slightly scaled down Peugeot 205 with an even neater and larger windward rear end. Peugeot calls it "a child highly desired by its parents." The styling similarities with 205 are admitted and justified by saying that such a basically good-looking car, "like a decent cognac or calvados, doesn't deteriorate with age."

Prices will be announced in two weeks, just before London's Motorfair opens at Earls Court. I suspect they will be a little cheaper than those of comparable 205 models, but not very much. Four versions will be available, all 5-door, with petrol engines and 5-speed gearboxes. Five-doors will follow soon, diesels later and, eventu-

ally, automatics. Peugeot sees the 106 competing with all kinds of small cars from Ford Fiesta to Vauxhall Nova, Renault Clio to Rover Metro and, of course, the 306 itself, which will stay in production for several years.

In Britain, where the cheapest 205 will be dropped, Peugeot recognises that 106 will be bought instead of 205 by "empty nesters." But it expects 106 to persuade others to trade up from more utilitarian cars such as the Fiat Panda.

We shall see. And what of its perky most obvious rival, the Citroën AX? "We are competitors with Citroën though we are cousins," is the official line.

The AX and 106 have individual structures but share many mechanical bits and pieces. So, of course, do other PSA (Peugeot-Citroën Group) products like the Peugeot 405 and Citroën ZX and BX, Peugeot 605 and Citroën XM. But each marque has a

distinct identity. Few drivers would mistake an XM for a Peugeot, a 605 for a Citroën, and AX and 106 are by no means clones under a different skin.

Even so, it would not surprise me if the Citroën AX, recently much improved by a mid-life facelift, turned out to be one of 106's toughest competitors. It now feels much less of a lightweight, far more a junior member of the ZX family.

The AX already comes with 3-door or 5-door bodies, petrol or diesel engines and costs from £5,895 to £9,205. These are class leading prices. Unless I have read the signs wrongly, comparable 106s will be at least 10 per cent dearer.

And the AX is good to drive, far quieter than it used to be and the G11 model I tried the other week rode better than its Peugeot 106 TSi equivalent. So, we may have a family fight on our hands: Peugeot vs Citroën as well as Peugeot vs the rest.



## PROPERTY

## Gloom deepens in the low-cost rental market

**I**F IT WERE cheaper to rent a property than to buy it, no one would want to rent it out in the first place.

When rents are lower than the costs of finance to purchase a property - as they are now - there is every incentive for would-be homebuyers to put their savings on deposit and become tenants.

Yet any such gap between rent costs and property purchase costs undermines the case for remaining a landlord. If the property were to be accurately valued on an opportunity, cost-of-money basis, the landlord would be better off selling the building and investing the cash.

These truisms assume a perfectly functioning housing market. In practice the housing market is profoundly imperfect. There may be no fundamental case for becoming a landlord, yet gross rental returns of 8 per cent on prime central London apartments and houses (or up to 10 per cent with early buying of "distressed sale" properties) are attracting investors back.

Why? Because investors are not buying for immediate yield: management costs and allowances for repairs and maintenance cut the return down to less than half the immediately achievable yield on, say, a standard bank deposit. The punters are looking, as they always do, to a combination of current income and eventual capital growth; their purchase decision rests - to a substantial extent - on "hope" value.

This begs a question. If investors in property are correct in assuming that today's best properties for rent are at or near their low point in terms of resale value, their tenants are enjoying a temporary saving at the expense of an eventual capital cost. Apply this to a single property and you get a simple equation: one winner and one loser - tenant or landlord. Or, rather, it would be a simple equation if both tenant and landlord had a free choice to buy or sell. In practice, this "pure market" approach is confounded by tenants who have made no conscious decision to rent, and by "reluctant" landlords.

More people seem to be analysing the costs of accommodation and choosing to rent - but, still, these renters-by-choice are far outnumbered by tenants who rent for no more sophisticated reason than that they cannot afford to buy.

On the other side of the counter, many individual homeowners, householders and residential developers would sell if they could sell. Because they are unable to attract buyers, they have joined reluctant landlords who seek some cost cover for their investment by renting.

Unless market research carried out for mortgage lenders has been made redundant by the recession and its attaching gloom, personal home ownership remains the preferred housing tenure for eight in 10 people in the age groups most likely to form independent households in the 1990s. And while the legislative background to private renting has been changed by the 1988 Housing Act, which grants new freedoms to landlords, any talk of a revival of the private rental sector in Britain must be treated as premature.

Prospects for the renting sector in the 1990s cannot be looked at in isolation from a long history of decline. In the past there were similar periods of remission for private renting: each time, socio-political pressures against "profit out of another person's home" brought the remission period to an end. Over more than 70 years, the public image of the private residential landlord in Britain has shifted from neutral investor to virtual social outcast.

In 1914, nine in 10 households were privately rented. Add in "died" houses (which went with particular jobs), "live in" domestic servants, and assorted shop and factory workers in company-owned homes, and the picture of housing tenure in Britain before the First World War shows that individual home ownership was not even a distant aspiration for the average household.

Following a pattern unchanged for nearly 80 years, the overwhelming quantity of urban housing was developed by speculative builders specifically for rent. Building standards reflected the eventual rent to be charged. Thus, in London, Victorian builders would talk in terms of 5s, or 10s, or 12s properties - and construct them to a budget aimed at achieving a stable 10 per cent gross return.

Social historians have made much of the self-help groups and pioneer building societies formed, mainly in the industrial north of England, during the middle and later 19th century to enable skilled workers to build houses of their own. But it was not so much the infant building societies, rather the 1915 Rent and Mortgage Interest Restriction Act that changed the course of housing history.

That Act, controlling rents and providing security of tenure for tenants, was devised to stop wartime profiteering. Although introduced as an emergency measure, its controls remained in force on existing properties after the First World War. New tenancies were not affected by its provisions. Many of the homes built between the First and the Second World Wars were



developed for renting by private investors.

At the same time, a whole new source of properties for rent was created by local authorities charged with building "homes for heroes," subsidised by the Treasury. Nevertheless, landlords of older, rent-controlled properties sold up whenever the opportunity arose: by 1938, more than 500,000 such sales had taken place. Some 68 per cent of UK households still rented their homes, but the 6.6m privately-owned rentals now represented fewer than six in 10 of all homes.

Further rent controls, imposed during the Second World War, froze landlords' income - and kept that income static through a period of exceptionally high building cost inflation which persisted into the 1950s. The consequent accelerated deterioration of privately-owned rented houses split the rental market into two broad categories. The largest consisted of older properties: these ranged between slums, a mass of cheap flats over shops, and low-cost suburban houses. The other group consisted of high value properties, mainly rented apartment blocks in central London.

Attempts to revive the private rented sector led to the 1957 Rent Act's short-lived reprise away from controls, intended to attract fresh investors by de-regulating new tenancies.

It did not work. Public attitudes to renting had changed. This was the era of the rogue landlord, stories of sitting tenants "winked out" so that owners could gain possession sharpened the image of a landlord as socially unacceptable. Within a year, new regulations reversed most of the 1957 Act's effect, protecting sitting tenants in what had been, briefly, decontrolled tenancies.

**S**ales to tenants, and sales (rather than re-renting) of vacant properties reduced the number of private sector rented homes to below 4m by the mid-1980s: one quarter of the total housing stock. Householders may have needed no extra incentive to turn their backs on the decaying rental market, but they got one: preferential tax treatment for owner-occupiers and, with the rapid expansion of building societies during the 1960s and 1970s, much easier access to home loan finance.

In 1974 a new Rent Act extended security of tenure to tenants of furnished as well as unfurnished properties. Flat "break-up" companies flourished; trading companies which bought apartment blocks from traditional investor landlords and speeded the process of individual apartment sales. The number of

privately owned properties available for rent fell from 3.4m in 1970 to 2.5m by the start of the 1980s.

This decline continued throughout the decade. The option to rent was further reduced by the "right to buy" provisions of the 1980 Housing Act. It is against this long-term exodus from rental accommodation that the 1988 Housing Act has to operate.

It has created the new form of "shortlet tenancies," enabling owners to enter into occupation agreements running for a minimum of six months at a time. Now, owners can charge open-market rents and retain rights of repossession of their property. Before the Act came into force, early in 1989, the private rental market had contracted to three main sectors:

■ The largest consisted of the residual stock of older, controlled-rent properties.

■ A second, substantial sub-market was made up of informal rentals, where landlords circumvented the tenancy and rent laws by refusing to provide rent books, charging "key money" premiums to incoming tenants, and a whole range of illegal, cash-only transactions.

■ The third sector consisted mainly of central London properties bought as investments and leased out at full open-market prices to companies needing to accommodate staff

The price gap between the two tiers of London's rental market is narrowing, but the difference between prime property and "cheap" property remains vast. The London Housing Unit's recent capital-wide rent survey shows a 20 per cent increase in costs in the past year, with landlords charging an average £230 a month for a bedsit, £216 a month for a one-bedroom flat and £1,178 a month for a five-bedroom house. Look beyond average homes to prime properties, and although agencies report a year of stable or even softening of rents on lettings to company and wealthier individual tenants, cost comparisons remain roughly four to one. Yet there is still strong interest in well-appointed central area family houses, such as this four-bedroom Chelsea house (left) on the books of Vogue rentals (tel: 071-373-8803).

they have lived happily for years in too poorly decorated, ill-furnished or badly-fitted to interest a prospective tenant willing to hand over several hundred pounds a week for trouble-free accommodation.

Private owners tend also to be surprised that rental management is not free. Investors understand that management costs can absorb perhaps a quarter of their gross return on a property, but amateur landlords especially - are slow to grasp that tenant selection, rent collection, and dealing with anything from a leaking tap to a set of lost keys involves active management.

**T**he social arguments in favour of a substantial rental sector in today's housing market have been well aired. The choice to rent, for changing family circumstances, provides housing for a substantial part of the UK population with neither the money nor the inclination to take on the long-term commitment of owner-occupation. Sad sight the miseries which may follow when people who want their own property are encouraged to borrow their way into it.

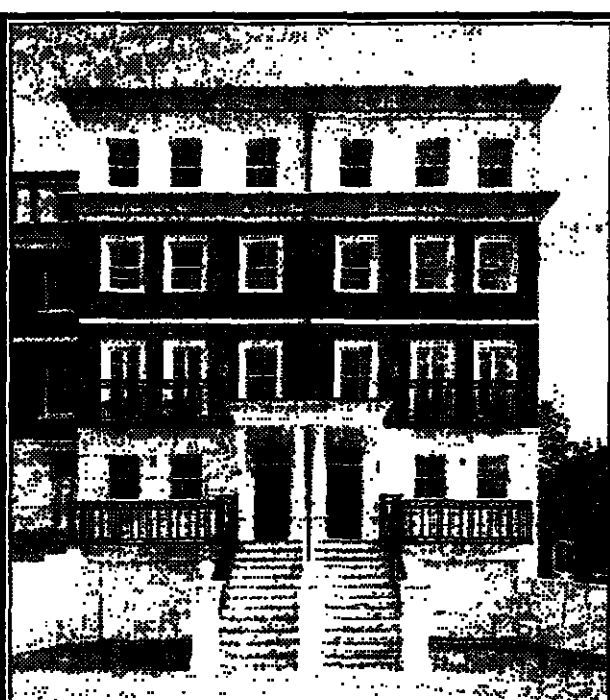
Government controls on public sector spending have prevented local authorities from responding to the demand for lower-cost rental accommodation. Much effort has gone into public and private sector co-operation to create affordable housing for rent through Housing Associations, and into investment groups seeking to maximise the tax concessions on developments of homes for rent through Business Expansion Schemes. But neither has come near to replacing the number of homes removed from the rental market by local authority sales.

So, if this leaves the burden of providing rental accommodation to the private residential landlord, there is no hard evidence to support the view that the economic events of the past two years represent a basis for long-term revival of the sector. Any improvement in turnover of the residential property market will surely signal a scum-like of reluctant landlords seeking to sell.

And while the top layer of corporate rentals continues to attract investors, few individual and institutional investors have shown any interest in financing more private properties for rent - notwithstanding the protection provided by the 1988 Housing Act.

John Brennan

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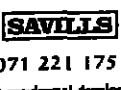
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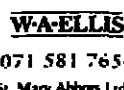
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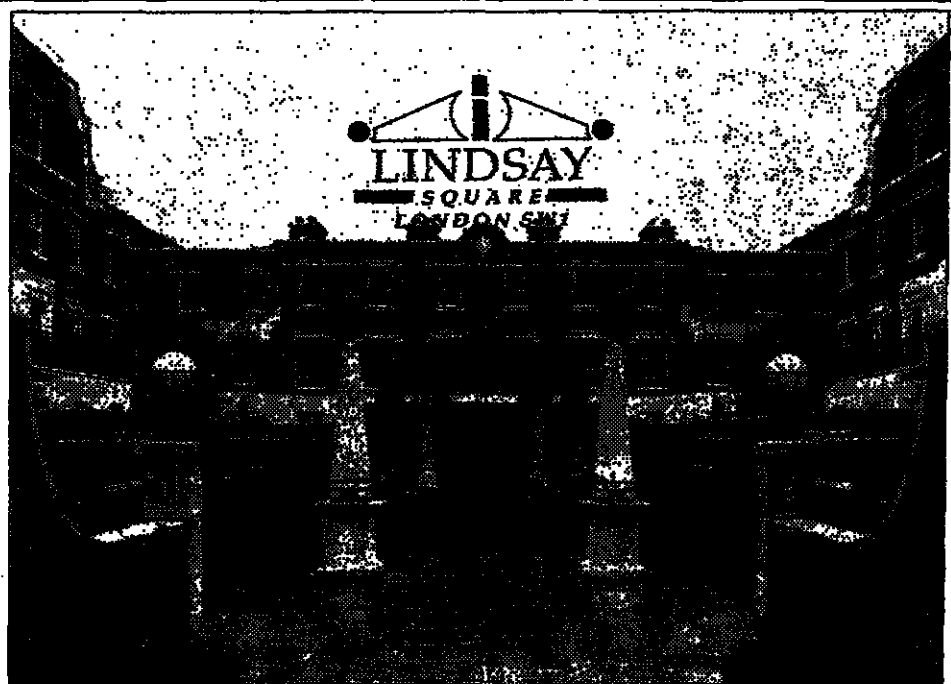


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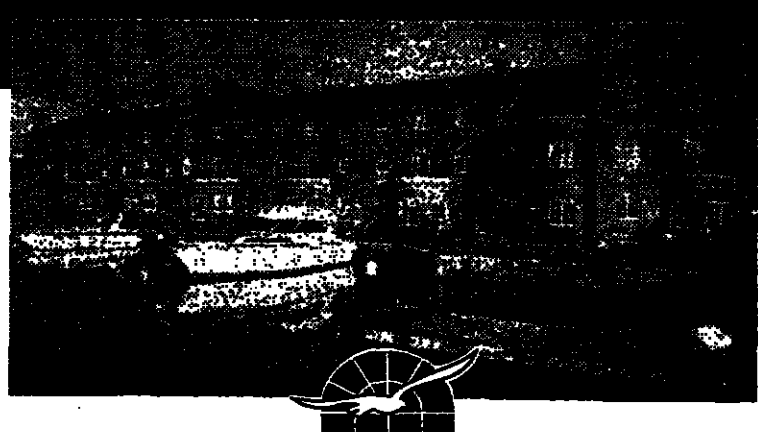
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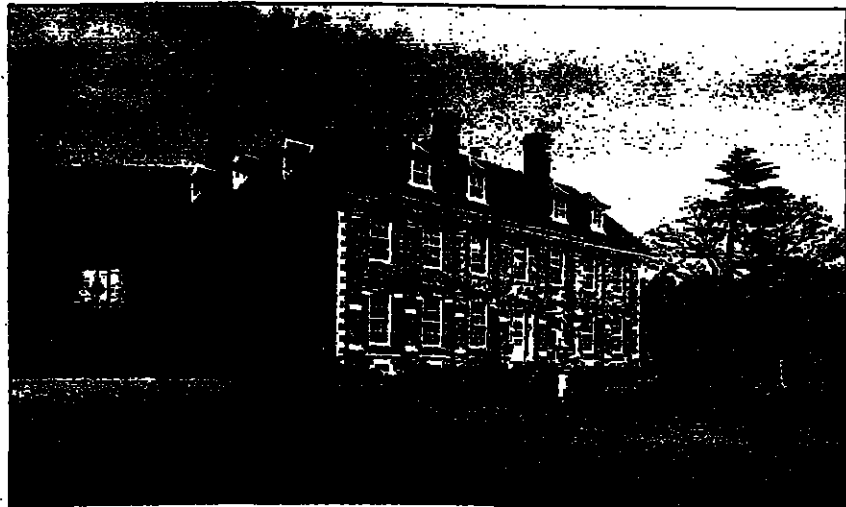
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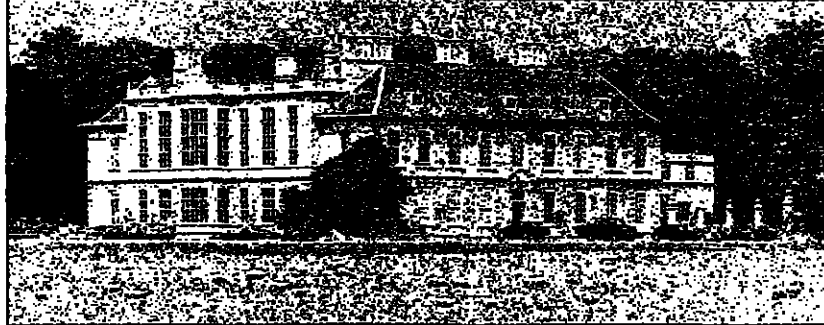
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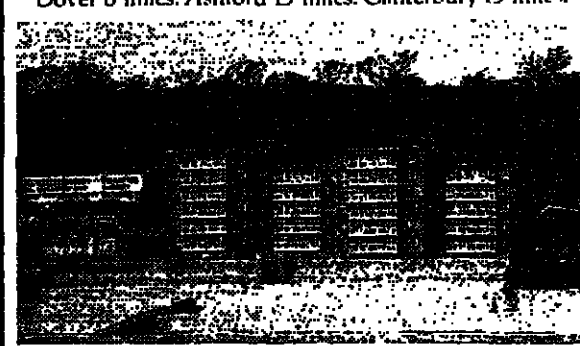
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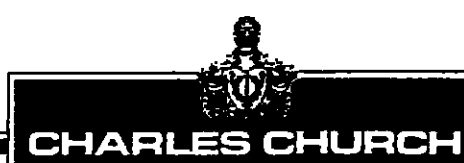
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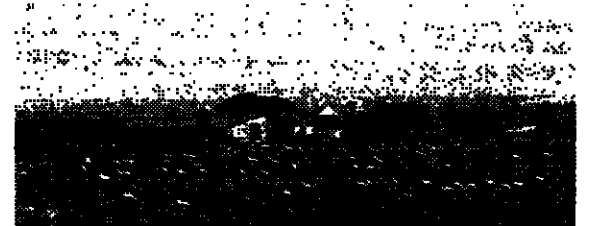
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## PERSPECTIVES/GARDENING

As They Say In Europe / James Morgan

## Croatia's key battlefield: the British press

THESE ARE hard times for foreign correspondents in London. They have given up on the tedious round of speculation about the next election – not the outcome, but the date.

Nothing interesting has been written about John Major since the Economic Summit in July. Only if you are a Croat are there interesting local stories, as we shall learn. And abroad the British may be glad to know that they are not seen as they sometimes see themselves. There are three instances this week where they appear more like they were, circa 1900. Powerful, careless of foreign opinion and masters of underhand realpolitik in the cause of freedom.

First to the Croats. They are winning one war at least – in the media. This has had diplomatic consequences. The last copy of the Zagreb *Vjesnik* to arrive asked if the Germans and the French agree on recognition for Croatia "can Britain

put a spoke in the wheel?" The paper's London correspondent, Jasna Zanic-Nardini, has combed the British media to see if their "Balkanologists" can sway official opinion. She starts with a tribute to the television correspondent, Martin Bell – "The BBC demands from him a sober, balanced approach – and that is what it gets from this experienced professional." The only succour for the Croatian cause Zanic-Nardini can gain is his remark that he had never witnessed a more dangerous war.

Ambrose Evans-Pritchard of the *Daily Telegraph* is extensively quoted and provides the headline for the article with his comment that the Serbian

regime had deliberately revived the "ancient hatreds" of Yugoslavia to launch an "atavistic war against Croatia."

The *Independent* is also approvingly mentioned; it believes that recognition could reflect a "just concern for world order." Croatia, of course, sees itself as part of the New World Order, whatever it may be, while Serbia seems to play into hands of its opponents by representing one that has collapsed.

In Belgrade there is little concern for the niceties of international opinion; most reporting comes from the Croatian side. And in Zagreb it is hoped this will push the British into line.

The mayor of Pforzheim in south west Germany has the same hope. This story begins on February 23, 1945. The RAF used 392 heavy bombers to destroy Pforzheim and more than a fifth of the 80,000 inhabitants died in the raid. It was part of the strategic bombing offensive of Lord "Bomber" Harris. A statue of Harris is to be erected in London and the Queen Mother has promised to unveil it.

Oberbürgermeister Becker has protested to the British Ambassador. The mayors of other cities flattened by the RAF are joining in as is the *Frankfurter Allgemeine Zeitung*. "There exists, next to war-guilt, also war-conduct-guilt which employs inhuman

methods that conflict with human rights in the name of a war waged for democracy and humanity... In Dresden, a city that was a victim of Harde-barkly just before Pforzheim, there are good people of the post-GDR period who are concerned that there still has not been one word of regret from the British. A memorial for "Butcher" Harris would be the opposite."

The FAZ supported the strategic bombing offensive conducted by the US Air Force against North Vietnam.

The Swiss government found that the British secret services, including the SAS, had clandestinely helped organise a "resistance group," P-26, in Switzerland.

It was intended to operate as a "stay-behind-organisation" in the event of the continent being overrun by the Red Army. It was linked to the Gladio organisation which originated in Italy and caused a scandal that nearly toppled President Cossiga last year.

Swiss cabinet ministers knew nothing of the operations of P-26 which was backed by the unadventurously named P-27 force. P-27 kept files on Swiss "subversives" – presumably those citizens who flush their lavatories after 10pm.

The *Neue Zürcher Zeitung* took these revelations in its stride. It said that nothing had come to light that warranted a further investigation into the activities of P-26. But the report had revealed that "relations with the British went far beyond anything previously known. However, the Federal Council in its statement correctly recognised the benefits provided by the British services. It should not be forgotten that without the rich experience (NZZ's italics) which Britain had accumulated in this area – not least because of its active support for international resistance, against the Third Reich – the post-war construction of a Swiss anti-Communist resistance organi-

sation would have been scarcely possible. Many may find it "scarcely possible" that the Swiss turned to the British for advice on how to run secret operations

Things are tough at *Pravda* – "world's largest daily sale" – these days. It has had to issue an appeal to the government in the form of an editorial.

"This year, by force of circumstance, *Pravda* has found itself in a critical situation. As a result of a number of legally unfounded decisions, we have found ourselves to be economic bankrupts without any prospects... *Pravda* is part of our history, it is a national asset which individuals – whatever position they may currently occupy – have no right to dispossess."

James Morgan is Economics Correspondent of the BBC World Service.



Plant of the week

Anemone Lady Gilmour

This is one of the most beautiful of the Japanese hardy herbaceous anemones flowering in late summer and autumn. It grows about 2½ feet high and has large, semi-double, soft pink flowers. It will thrive in any fertile soil and appreciates light shade though it can also be grown in full sun. Propagation is by division in spring but plants do not need to be divided frequently as they are rather slow in re-establishing themselves. Most nurseries catalogue this plant as *Anemone japonica Gilmour* and this is the name by which it is best known in gardens but it is probably more correctly called *A. x hybrida Margerette*. AH

## Lowering the scarlet standard

Robin Lane Fox likes his red hot pokers in shades of cream and green-lemon

EVERY YEAR, the ground becomes as hard as a brick when we are all supposed to be planting daffodils. I have postponed the spadework and have continued to think how best to upgrade my autumn in future.

These plans are a long-term matter which need effort now and a look at other people's results. They also need a knot in gardeners' handkerchiefs. This past month, I have seen new possibilities at the Royal Horticultural Society's Great Autumn show in London and at great public gardens, planned for a long display. The ideas need to be stored until next spring and for results a year, perhaps three years, hence. Autumn otherwise becomes a list of good intentions.

By looking and travelling, I have revised some old prejudices. If you want to terrorise a thoughtful plantsperson, you would probably threaten her with red hot pokers, dahlias and salvia, the redder the better. All three of these visual nemesis have risen to the top of my list of good intentions because there is more to them than most of us realise.

For a start, red hot pokers no longer have to be red hot. They come in shades of cream and enviable green-lemon, colours which are all the rage in any other type of plant. It was only

an unfortunate accident that the large family of the Kniphofia became popular and well known for its harsh ramrods of orange and red.

Varieties of greater delicacy have always lurked in the family and smaller nurseries have brought them back into the open. At the Great Autumn show, I saw a pale yellow pokers called *Little Maid* had become decidedly widespread. I can well understand why as it is totally hardy, a

Autumn is the time to revise old prejudices and dead-head the dahlias

pleasant colour and multiplies easily although prices begin at about £2.50 for one plant.

It is not the best available. There are pokers in shades of pale peach, a tall cream-yellow (*Torchbearer*) and best of all, some bi-coloured forms with cream spikes of flower and dark red-brown tips (*Modesta*, perhaps, is the best of them). Take your pick from this year's *Plantfinder* and you will not recoil from prices of up to £5 a plant. Each one soon multiplies so

that it can be split into half a dozen. Pale-coloured pokers are set to be the stars of the 1990s as soon as garden centres wake up to them and their wholesalers multiply the stock.

What surprises me most is the wide span of their season, from July until late October when flowers begin to appear on forms like *Green Jade*. The same season is a virtue of dahlias, so long as you dead-head them, an enjoyable squishy experience.

Mauve pompoms and the shaggy cactus-flowered forms have given dahlias a bad name among aesthetes, but once again, travels and time at the shows have taught me to look again.

Like all the great families, dahlias have highly desirable varieties, but you have to know where to look. The most elegant forms are classed as small waterlily, small cactus and collarette, and the colours range from white through cream-pink to a really dark red.

One of the best ways to pick a decent dahlia is to head for the North Orbital Road, turn off the A14 at London Colney, near St Albans, and visit Aylett's whose vast range has won an RHS gold medal every year since 1961. Aylett's have some awful mauves and over-sized forms but they also have beauties like the cream-



white Abridge Snowflake which would fit into any civilised scheme. Plants for 1992 have to be collected next April, May or June and will cost a standard £1.45 each: the journey is worth it.

As for salvia, they already have their place in the sun, but it owes little to the awful scarlet forms which seedsmen offer as annuals and seem only to appeal to the French. Once

again, you need to look, note and play the *Plantfinder* in order to acquire the emergent stars in this family.

The blue forms are becoming familiar, but the ones which impress me most are the vibrant rose-pinks and cherry reds. At Powis Castle, the rich rose-red *confertiflora* stands out in the garden's half-hardy bedding and lasts well into October, after the collapse of early border plants, you can bed these tall salvias into the gaps and give the garden new body and height.

The easiest are two cherry-rose varieties with the shape of small shrubs. *Salvia grahamii* and *neurepia* flower continuously but only turn up on the balconies of informed gardeners. They ought to be far more popular because they last for weeks and in mild winters will live to flower again. Their small tips of cherry-red flower have none of the harshness of the seedsmen's popular forms.

They are also far cheaper because one plant will give you dozens of easy cuttings which root at once and can be brought through the winter in a frost-proof place or cupboard. Find a willing owner and privatise some bits for yourself: they change the range of autumn, a time when red hot pokers can be pale and pleasant and even the dahlias can be a mild cream-pink.

## Rebirth of a park of follies

EXPERTS may argue as to which is the greatest of the 18th century English landscape gardens. Is it Stourhead, Castle Howard, Rousham, Stourhead or Stowe?

There is no doubt that Stowe has the greatest number of buildings – and this has made it particularly difficult to preserve. Trees, lakes and grass are relatively easy to manage. Trees can be replaced a few at a time and can be managed so that they are self-renewing. Water is to a considerable degree self-maintaining, although it can be costly to keep it free of weeds, and grass can be grazed by cattle or sheep, which was the original intention and was why the ha-ha, or concealed ditch, was invented, since it prevented cattle from straying.

Buildings are a totally different matter. Even the best fall into disrepair and, as has become plain in the present thorough assessment of Stowe by the National Trust, many of the most impressive of them were not well-built.

"Bodger" is a term that has been

applied to some of the builders who worked at Stowe. To be fair to them, they were not building for posterity. They were making careers for themselves, satisfying the ambition and vanity of the great men who owned the properties and imagined themselves as Roman patricians, creating scenery that was actually an improvement on that of ancient Rome and Greece.

Some of them, and particularly Lord Cobham and his successor Earl Temple at Stowe, were prepared to move buildings from one place to another, if the first site did not prove entirely to their liking. They would make building alterations to suit their whim. It was all a game, rather like making gigantic theatrical sets, and they had the wealth and the self-confidence to carry it out.

It is not wise to ascribe too much importance to the professional architects and designers who worked for these gifted amateurs. To a considerable extent they did what they were told, and if it did not satisfy, they were told to do it

again, or someone else was engaged.

All this is relevant to Stowe's future. A few years ago, it seemed almost impossible to save, except, perhaps, in some truncated form. Since 1921 the mansion has been the home of the public school, and the management did all that was possible to prevent 32 notable garden buildings and monuments from sinking into disrepair, an increasingly difficult task.

Then, in 1989, an anonymous benefactor and the National Heritage Memorial Fund made it possible for the ownership of the gardens to be transferred to the National Trust, for the school to lease back sports facilities and for a national appeal for a further £1m to be launched to provide a substantial endowment, though it seems to me that much more money will be required before Stowe is fully restored and safe. But a highly satisfactory beginning has been made.

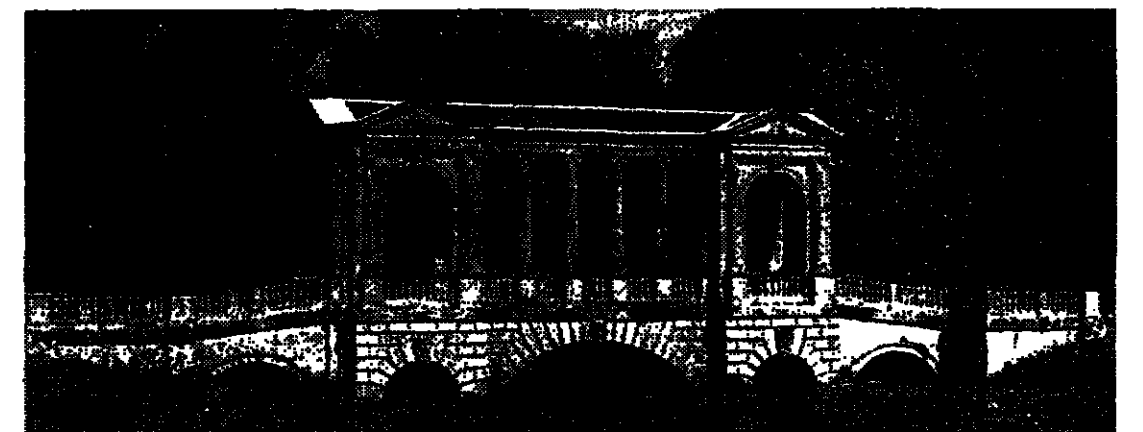
A computerised survey of the gardens has been completed and Laser Survey of Worcester is undertaking

a detailed topographical examination of 100 hectares of garden, including all trees, shrubs, woodland, stumps, paths, buildings and contours, which can be added to, reduced in scale, or enlarged with ease. All historical information available in the UK is being studied and also records held at the Huntington Library in California, which has much material about the making of Stowe.

Already several buildings, including the beautiful Temple of Ancient Virtue, are under repair, a good deal of planting is being undertaken, and some trees are being removed, in accordance with what has been revealed by the thorough tree surveys.

But perhaps what is of greatest interest to those members of the general public who are concerned about the preservation of this remarkable landscape garden is that, for the first time for many years, it is possible to view it easily and in comfort.

A new entrance for National Trust members and the public has



The Palladian bridge at Stowe

been made just north of the school, close to the Temple of Concord and Victory, and from here a continuous path, or in the area of The Elysian Fields, a circulating path has been made right round the great landscape to include all the famous buildings and monuments and the important view-points. Nearly all this path is made smooth and resilient to walk on by being deeply covered with bark and wood chippings. There is an almost endless supply of raw material for this at

Stowe and the chipping is done on site according to requirements.

I suppose there must be at least two miles of path (it certainly felt like that, when I walked most of the way round it the other day), and if you are old or handicapped, the National Trust will lend you a Batrac free of charge if the five they own are not already in use when you arrive.

Visiting times are a little complicated because they vary, according to whether the school is in term or

not. During vacations, it is open virtually daily from 10 am to 6 pm or dusk. But when the pupils are there, access is difficult. However, at the moment, until October 17, openings are on Mondays, Wednesdays and Fridays from 10 am to 5 pm. On October 18-27, December 27-31 and January 1-5th, 1992, the school is closed and the garden open. It is closed on the December 25-26.

Arthur Hellyer

## Two kopeks: the price of revolution

JAMSHED Mirzoev does not look like a man to start a moral revolution. Small, nervous, and habitually dressed in a purple Soviet tracksuit, he runs a shop in a remote Tajik mountain village.

But last month he committed a sin which plunged his village into controversy. Illegally, he raised the sacred price of flour – still at its 1980s level in Soviet Tajikistan – by two kopeks a kilo. Until then, he told me, as he sat in his rickety shop disconsolately sucking powdery green "nos" (the local narcotic), he had favoured a quiet life.

In common with state shopkeepers across the Soviet Union, he collects an erratic supply of goods, allocated to him each month from a central distributor in his local city, Dushanbe, and half-heartedly attempts to sell it.

If the allocation happens to be in cubed sugar, cooking oil, or matches, it sells out in minutes. If it comes in the form of tins of salted seaweed salad or Afghan olives, it does not sell at all. Tajiks distrust such "foreign" food. But because central planners decree that all shops in the district should be stocked with such stuff, no matter whether Ukrainians like it or Tajiks hate it, every month he dutifully re-stocks his tins, trying to camouflage them behind rolls of cloth as the pile grows.

Moved by a mixture of sym-

pathy and curiosity, I actually bought some – the first person to do so for years. I found the olives delicious, the salted seaweed unpalatable.

"It makes no difference to me whether people buy them or not – I get paid whatever I do," he explained to me.

But last month, fired by the new market philosophy and a healthy dose of self-interest, along with a certain jealousy of the new co-operative semi-private shops in Dushanbe, he

Gillian Tett on the great flour debate that split a Tajik village

decided to make a stand. He put up his flour price.

The logic was text book economics. Getting the flour out of the clutches of Dushanbe bureaucrats and up the mountain road to the tiny village shop takes a considerable effort. The roads are regularly destroyed by earthquakes and landslides; the distributors in Dushanbe increasingly vague about the whereabouts of the flour; the villagers so keen to buy it that the mere rumour of a flour truck is enough to trigger scenes of impending violence, with village grandmothers clustering around the store waving empty hands at the

beleaguered storekeeper.

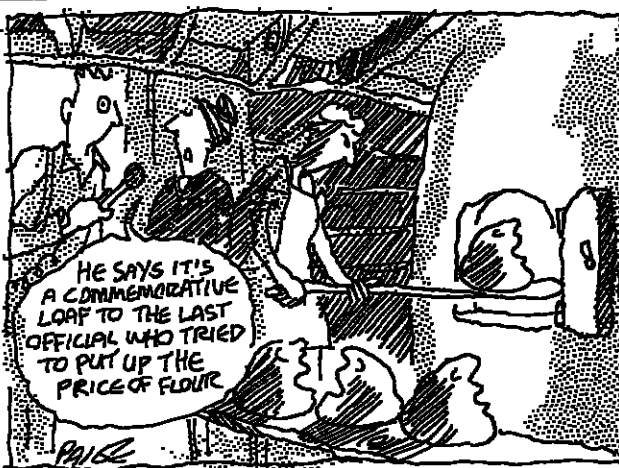
"If Jamshed felt he was getting something out of it, even just a couple of kopeks, then maybe he'd try a bit harder to get more flour into the shop," explained Mirzoev's brother, Hussein, who works in a mine further down the valley and is rumoured – like the relatives of all Tajik state shopkeepers – to be sifting secretly on a larger supply of flour.

But the villagers were furious. However confused or bored they are by Soviet politics, everyone knows that only a month ago Kakhhor Makhimov, the Tajik president, nervously promised that the price of flour – which had briefly gone up during the April price rises – would be frozen to the "pre-reform" level.

I asked a group of self-righteous grandmothers gathered round the shop why flour should be different from any other product. "Because if the price of flour rises we'll starve!" shrieked a formidable and well-fed woman who only the week before had told me, smugly, how much better the food supply was in Tajikistan than in Moscow.

"Because the price rises are an attack on socialism," explained the village brigade leader. "If everything becomes a co-operative, then it'll be run by the Mafia."

The village brigade leader sports an improbably huge moustache and a chestful of medals from Second World



War exploits in Germany which have left him with an enduring admiration for the black and white cows he once spotted near Berlin. It would have been tactless to remind him that socialism was already under attack. Like many of his generation he is not merely a socialist, but a sincere admirer of Stalin.

Enthusiasm for communism, however, has never prevented him from milking his family's brown cows, tending his private kitchen plots with pride, and selling his produce to the local markets – even during the Stalinist period. And though the prices in these markets have been steadily spiralling upwards for months, he continues to buy his lemons, headscarves or tomatoes there without protest.

Nevertheless it would appear that state flour is in a different ideological category from lemons. During the ensuing weeks Mirzoev's shop door remained firmly shut.

From time to time the village brigadier issued threats

that if sacks of flour did not appear in the shop soon, Mirzoev would receive no more petrol (the petrol pump was controlled by the brigadier's brother). Mirzoev darkly hinted that if his flour price was not accepted, the village shoppers would find themselves doomed to a future of shelves stacked with tinned seaweed salad.

Salvation finally arrived. At the gathering of the village elders someone suggested that although raising the price of flour was unthinkable, charging extra for the flour sacks, instead, did not in itself threaten the foundation of socialism.

The thin edge of the market seemed at last to be wedged under the door of the village state shop. Mirzoev was back in business within a day. "Now I'm going to do everything I can to sell lots of flour," he said. Whether he yet feels committed to marketing his state tins of salted seaweed remains to be seen.

## Writers who suffer for their words

ERNESTO Diaz Rodriguez is one of Cuba's most distinguished writers. Until this summer, when he was unexpectedly released and allowed to go into exile, he was the longest serving imprisoned writer known to International PEN.

He was first jailed in 1968; his punishment was increased in 1974; after 23 years, his sentence still had 17 years to run. During his imprisonment he wrote 10 books and learnt languages listening to the radio.

On his recent visit to London he showed me the manuscript of his latest book. It is a tight wedge of paper rolled smaller than a tennis ball and covered with handwriting so minuscule that it can scarcely be read by the naked eye. Even when in common with the other political prisoners, Diaz refused to wear uniform, he was able to keep his book by him at all times tucked in his underwear.

International PEN, an organisation of writers with 86 centres round the world, campaigns on behalf of colleagues who have been imprisoned for no other reason than that their writings have offended the authorities. PEN tries to keep in touch with them and sends books to any prisoners who are permitted to receive them.

In recent years there have been spectacular improvements. All the imprisoned writers in the countries of the former Soviet Union and of

Eastern Europe were released shortly after Mikhail Gorbachev came to power. This summer many Turkish writers whose imprisonment dated back to the military coup of 1980 were freed, although others are still held for writing about the Kurds.

Jack Mapanje, imprisoned in Malawi without trial since 1987 for the alleged political content

William St Clair on a campaign for authors who are jailed or harassed

of his poetry, is out, as is Ali Idissi Kaitouni who in 1982 wrote a poem which was taken to be satirical of the king of Morocco.

At the latest count there are still more than 300 writers and journalists known by name to be in prison. In the first few months of this year there were also reports of 21 killed in suspicious circumstances, 10 kidnapped, 44 who have disappeared, and over 100 charged or restricted in some way.

In many countries of the Middle East, including the Israeli-occupied territories, writers are always at risk.

In Kenya, Professor Edward Oyugi, a novelist and writer on educational subjects, has recently been sentenced to seven years for alleged sedition

in calling for multi-party democracy. In China the clampdown continues. Reports describe prisoners being held in isolation cells 4 metres square with no access to books, tapes, or radio, no family visits and one exercise walk a week.

Oppressive governments fear the power of ideas, and rightly so. The pen is not always mightier than the sword, but in the end it is more effective. South African customs officers are said to ask visitors: "Any firearms or books?" And it is not only governments who are intolerant of books with which they disagree. Salman Rushdie, a British citizen and member of English PEN, may not be in jail but he has lost his freedom.

On Sunday October 6 at 6pm the National Film Theatre is arranging a special showing of *Reunion*, a beautiful and moving story of friendship and loyalty based on Fred Uhlman's novel. Jason Roberts plays the leading role. Harold Pinter, who wrote the screenplay, will then take part in a discussion with Simon Curtis. All the profits from the evening will go to help writers in prison.

Tickets are available from English PEN at 7 Dille Street, London SW3 4JE. Tel: 071-352-6303. Ticket prices start at £7, those at £20 and £25 include an invitation to the reception for the speakers.

William St Clair is chairman of the Writers-in-Prison Committee of English PEN.



## BOOKS

## A bout of Scarlett fever

Our Literary Editor has just read the sequel to *Gone With The Wind*

"GOD'S nightingale!" as Scarlett O'Hara used to exclaim. Here's the much-hyped sequel to the world's most popular novel. Great was the labour (or so Ms Ripley's 750 pages attest) and out comes... well, not a mouse but a conventional romance, a blockbuster unworthy of its model, ignorant of the genius of Margaret Mitchell's bestseller.

How does *Gone With The Wind* work? Why has it sold 25m copies (Macmillan has just released a new edition) and sired the world's most popular movie? What is it about Scarlett, that monstrous Southern beauty, and Rhett Butler, who will always look like Clark Gable, which captures the imagination?

The answer - and it's an answer which is also the only way of making sense of the impact of any eternally popular bestseller, from *King Solomon's Mines* to James Bond - is that *GWTW* touches on the stuff of myth: that is to say, it relates to, it slots into, the symbolic images and archetypal tales of our cultural inheritance. You can talk about *GWTW* in the same language as *The Odyssey* or *The Ring* (yes, I exaggerate a little).

What is *GWTW* about? Surely it's a *Götterdämmerung* (Margaret Mitchell actually uses the word) - a saga of the twilight of these white gods of the Confederate South. Intertwined is the tragedy of a child-woman struggling bravely to grow up, yet frustrated because of the faults of her character; it is a story of a love that fails in consequence of those faults - the death of the child of Scarlett and Rhett symbolises that. In mythic style, Scarlett takes refuge yet again in her Tara plantation, i.e. she returns to the Earth, which consoles her and gives her new strength for her next journey in search of wealth and success and, above all, her man. It is, in its way, a masterpiece: have any of us ever forgotten its first impact, whether as novel or film?

A new biography of Mitchell, *Southern Daughter*, though far too long and inflated in the American style, is rather good when it reminds us how Scarlett's creator saw her warts and all. Scarlett, said a distin-

guished psychologist, is a fascinating case of a "partial psychopath", unable to respond to true emotion, intent on the pursuit of selfish and trivial goals; contrary to her popular image, Scarlett is not passionate but frigid (aroused to passion only by near-rape). Interestingly, Mitchell apparently agreed with this interpretation and regretted that her intentions had been misread (especially by David Selznick's film) - she spent two years writing what was intended as a "radical, revisionary and rebellious" picture of the South, in which she showed the traditionalists all going under as they deserved.

**SCARLETT**  
by Alexandra Ripley  
Macmillan £15.99, 759 pages

**SOUTHERN DAUGHTER: THE LIFE OF MARGARET MITCHELL**  
by Darden Asbury Pyron  
Oxford £17.95, 560 pages (October 24)

So, what of *Scarlett*, commissioned from Alexandra Ripley by the Mitchell estate? It starts with the benefit of the momentum of the final chapters of *GWTW*, at the funeral of the saintly Melanie (who was of course the true heroine of the novel, though it's easy to forget it). Old black Mammy with her dying words makes Rhett swear to watch over Scarlett, who goes off to Atlanta, Charleston and Savannah; her unflagging concern, as she promised in the last lines of *GWTW*, is to win back Rhett ("He was the only man in the world who didn't wrinkle linen...").

He rejects her for hundreds of pages ("You're a poison in my blood, Scarlett, a sickness of my soul") but he makes the mistake of taking her for a sail, which almost drowns them and leaves them with just enough energy to enjoy the only sex bout in the book. Result, as always with Scarlett, is Baby. But she doesn't tell him because he has meanwhile married a young girl who "looks for all the world

like Melanie". So Scarlett goes off to Ireland - indeed, she spends nearly half the book there - with her Irish uncle, a Fenian priest. She eventually decides to marry a dastardly English earl, but drama intervenes and Rhett arrives and the English soldiers shoot Uncle Colum and - yes, "Luxurious weak tears of exhaustion ran down her cheeks... You've changed, Scarlett, you've grown up...".

It's too easy to be rude. Why is this not-good-enough? Because it does not attempt to work either at a mythic level like its predecessor or even at a level of sophisticated storytelling. Thus, *GWTW* relied on a subtly interrelating foursome of Scarlett, Rhett, Ashley and Melanie. Here, Ashley is jettisoned, Melanie is of course dead, and the only new character of any importance is the Irish priest, substituting for his brother, Scarlett's father. The result is that the dynamics of the plot are too thin. More important, in *GWTW* the personal adventure was profoundly and repeatedly linked with the historical drama of the defeat of the Confederates, the destruction of their classic way of life and the new dawn with the New Order. There is none of this here: the switch to Ireland hints at parallels but nowhere achieves them.

The intention, I assume, was to note that in *GWTW* Scarlett has the instinct when in trouble to retreat to the land, to the beloved family farm, at Tara - so named after the mythic home of Ireland's High Kings. In *Scarlett*, she retreats to the actual site of Tara, in County Meath, which happens to be where the O'Haras came from. She rescues the family and becomes "The O'Hara", but for all her ecstatic motherhood and her encounters with the local witch the tale is inadequate to carry any mythic dimension.

She's simply a gutsy, pretty woman, coming on 31, who knows that she loves one man, and waits, and waits, for him to come to her. In the end he turns up. That's a competent romantic novel. No more.

J.D.F. Jones



## Ill-at-ease in Hawaii

HOW FAR has he gone? Six novels back, Finbar, the priest in David Lodge's *The British Museum is Falling Down*, hurtles along the Edgware Road screaming about contraceptives to a conscience-pricked graduate. In this latest work, the priest is hero: lapsed believer, scandal-rouser in his parish, stumbling naïf in the rowdy secular world.

*Paradise News* is a 1980s update on Lodge's Catholic comedies *The British Museum is Falling Down* (1985) and *How Far Can You Go?* (1980), in which Finbar Lodge themes - doubt, conscience, honesty versus self-advancement - glitter. In a new constellation: Hawaii instead of Rummidge, bohemia instead of work, theology instead of sin and rules. Ex-priest Bernard Walsh escorts his father to see a dying aunt in Waikiki. Within minutes of arriving, father is run down by a car, Bernard embroiled in an affair with its driver, relatives pop up all over the beach and holidaymakers are furiously deconstructing Paradise. Honey moons go sour, gay companion instead of daughter-in-law shows up at the airport, every girl's Mr. Nice turns into Mr. Spoilsport. Through trial and temptation, can Bernard stay an honest man?

The two views of Paradise - Bernard's spiritual quest and the material one that forms its comic backdrop - pull together through a typical Lodge jet-setter, the "tourist" for whom holidays are religion.

**PARADISE NEWS**  
by David Lodge  
Secker & Warburg £14.99, 294 pages

package trip pilgrimage, swimming pool baptism. Theory runs riot with the past: multiple perspectives deface class, sex and age with stinging precision; the favourite is a scintillatingly recent - *Nice Work* by Brian Everthorpe as victim of the recession, for example. Beyond each small scene, the wide-angled lens homes in on trends, signs, symbols.

But - how far does it go? *Paradise News* is amusing, accessible, intelligent, a natural successor in guilty sex and doctrinal doubt to early Lodge novels while breezily picking up social commentary where his last one, *Nice Work* (1988) left off. Yet with its melée of interests and busy plot, it is somehow the lesser work. Overcrowded with people, themes, ideas, it bulges out like a disorderly bus unsure of its route.

Lodge's unique satirical gift is to turn dry literary theory to dazzling fictional effect, decoding life through the language and structures - from advertisements to families or airplanes - that we take for granted. His are among the rare modern English novels where form gives as much pleasure as content: the literary parodies which edge along the plot of *The British Museum is Falling Down* and *Nice Work* are a testament to his art and reality; *Nice Work* is a Victorian condition of England novel even as it dissects "Victorian values" in Thatcherite culture.

But in the holiday world of *Paradise News* Lodge is as likable as his scholarship here. Always the teacher, his flimsy hold on his new subject cranks his style; we expect ideas and arguments thrown out as jokes or parodies; we find flat, sober explications which appear to include every fact Lodge has researched about the sociology of tourism.

*Paradise News* is written with Lodge's usual assurance but without experimental flair. The plot works repeatedly through disappointed holiday hopes, with none of the spiralling coincidences of true farce. Child abuse is clumsily introduced and dismissed, almost as another bid for topicality. Interwoven first and third person narratives - Bernard's life story versus Hawaiian folkloric - do not cohere; literary quotation and theological debate float freely and uncertainly. Names are ordinary - Yolande Miller, Russ Harvey, Sidney, Sue, Dee, Small World's cast of Morris Zapp and Phillip Swallow, Desiree and Angelica, are more real even as one is reading the present novel.

And yet... Lodge, like all good novelists, celebrates the everyday: careful observation of detail, character close-ups, the broad scope of humanity. For all his satirical vigour, he is among our most generous writers. Who else could make the tiresome food scavenging other travellers' cellophane butter and cheese a winning and comprehensible character? Or convincingly turn a frost-bitten bride into a tender lover? *Paradise News* is not his most arduous creation, but the story rolls, the sparks fly.

Jackie Wallschlager

## A mannerist tour-de-force

**TIME'S ARROW** flies straight and true from the end of a man's life to its beginning in this audacious, utterly poised and almost moving short novel. The plot is essentially that between the author's linguistic and narrative virtuosity and his desire to say something worth saying about the concentration camps.

He was considering the possibility of telling a life-story in reverse, he informs us in an afterword, when, after a tennis game with Robert Jay Lifton, the latter gave him a copy of his book *The Nazi Doctors* and two things dovetailed in Amis's mind. Such a narrative trick in itself would be merely amusing. Nazi subject matter by itself would be altogether unmanageable, but by putting that form with that content, so Amis must have conjectured, he might work a kind of magic which would open up both a difficult area of feeling and some new literary ground.

Not wholly new ground, as it happens. While reading the novel, I caught on Radio 3 Britten's incidental music for J.B. Priestley's 1938 play *Johnson Overboard*, which I was surprised to learn also traces his anti-hero's life-cycle in reverse, and the idea of consequence preceding action has of course a notable literary provenance in the figure of Lewis Carroll's White Queen, who screams first and pricks her finger afterwards. But I wouldn't be surprised if Amis got the idea from the rewriting of *Time*.

He has debilitated notions of time before, as for instance in the grotesque satire, "The Time Disease" (from his short story collection *Einstein's Monsters*), where time is a AIDS-like virus afflicting rich, bored and clapped-out denizens of a post-nuclear quasi-Los Angeles with an alarming absence of youthfulness and sports of unaccustomed energy.

The new work takes this comic idea much further, and, indeed, rather beyond comedy, though there are jokes aplenty. The time-virus has become a nameless parasite resident on the body (and with access to the dreams) of a Don Quixote doctor, with whom it develops a one-sided relationship that is

now matey, now wifely, but always prone to disenchantment. The youthful recrudescence has become the host's regression in time, as narrated by the bewildered, backwards-looking parasite, from the perspective of a middle-aged American old lag Tod Friendly, through various expeditions changes of place and identity, to being the assistant of a Dr Mengele figure in Auschwitz, then further back to impoverished German childhood and birth.

Julian Barnes enlisted a woodworm as narrator for one of the 10½ chapters of his recent *History of the World*, so a bodiless parasite is going it one better. Like all Amis narrators, this one commands a prose of verve, intelligence and rich metaphorical novelty; and

**TIME'S ARROW**  
by Martin Amis  
Cape £13.99, 176 pages

to a dubious extent the device is an excuse for hitherto undreamt-of flights of Craig Raine-ish "Marian" fancy. The parasite's description of using a New York yellow cab is delightful. "They're always there when you need one, even in the rain or when the theatres are closing. They pay you up front, no questions asked. They always know where you're going. They're great. No wonder we stand there, for hours on end, waving goodbye, or saluting - saluting this fine service."

But the parasite's unflinching objectivity leads more often to what might be considered tasteless remarks: "Corporate life is not without its minor indignities. We still take it in the ass every morning, along with everybody else, but the whole thing's over in a trice these days. Tod, I salute you: what bowl know-how, what can do." The Jews being "created" from the air at Auschwitz are "dying to be alive". The Mengele character can knock together a human being out of the unlikeliest odds and ends. On his desk he had a box of eyes. It was not uncommon to see him slipping out of his darkroom carrying a head partly wrapped in old



Martin Amis: Black irony

newspaper... The next thing you knew, there'd be, oh, I don't know, a 15-year-old Pole sliding off the table...

Tested crucially in the climactic Auschwitz chapter, the reversal method does begin to falter - not through lack of skill on Amis's part but because the deathcamps' reality proves intractable even to this subtle art, whose "tastefulness" is really nothing of the sort. Yet it is the method itself that has brought us so vivid a picture of that reality, while it also allows of an original and quietly touching solution to the problem of describing the camps and their guilty aftermath, which is simply to wind back the narrative to the point in time before the atrocities happened. The doctor-protagonist is restored in the end to innocence as a fact: "ignorant and innocent," the parasite comments, "never having known anyone, even Irene, even Rosa, even Herta, even the Jews and the others I made."

Too relentlessly dispassionate to be exactly moving, the novel is more than a *tour de force* of literary mannerism. Though it strains the eye and makes the head spin (the back-to-front dialogues are particularly disorienting), the experimental narrative method is genuinely compelling in way that mannerist devices such as, for instance, John Ashbery's use of two simultaneous speakers in his long poem *Litany*, seldom are. The book's devastatingly sustained black irony stands comparison with Swift's *A Modest Proposal*. It is, I think, Amis's finest achievement to date.

Paul Driver

## A ghost lost in a family tree

**MURDER & WALKING SPIRITS**  
by Robertson Davies  
Sinclair-Stevenson £14.95, 357 pages

soon realises that he is witnessing an epic film telling his family history. The action opens in Revolutionary War-era New York, where his Loyalist great-great-grandfather, Anna Gage, escapes to Canada after the death of her British husband. After this, a new real is run before our ghost's eyes, this one narrating the story of his Welsh forebears as they bring themselves up from poverty to a position of great wealth, only to undergo the comprehensive ruin that forces them to emigrate to Canada.

The film then depicts the two families as they come together, proceeding from the story of Gilmartin's architect great-grandfather, to his newspaper tycoon grandfather, to his college professor father. Through out, Gilmartin learns things about his ancestors he never suspected, their secrets and deceptions, their disappointments and small triumphs. The film history ends with the auction of his ancestral Welsh home, whereupon the ghost leaves the theatre in order to

facilitate his murderer's moral breakdown.

*Murder & Walking Spirits* is a strange and unsatisfying hybrid, a book in which the attempt to graft a historical saga onto a ghost story withers on the vine. It is certainly convincing in parts - the initial ghostly awe of the murder victim is believable, and at times the historical narrative takes on an impressive sweep, such

as during Anna Gage's escape from besieged New York, or the attempts by the opium-ravaged great-grandfather to build a great cathedral in the Canadian boom docks. Other sequences are far less successful, such as a stab at Joycean stream-of-consciousness involving the narrator's embittered grandparents and his loveless father as they sit sullenly around a fire, or a silly scene in which Gilmartin's widow conspires with her unctuous agent to write an exploitative book about her husband's death. And the ending seems downright perfunctory, with a strange metaphysical dialogue between the narrator and his "feminine other" that bears little reference to the preceding pages.

The novel's real problem, however, is that Davies never convinces us how these disparate elements should hang together. The early switch in tone and scope throws the book hopelessly off course. Davies clearly has a story to tell, and a seemingly personal one at that. He just has not figured out how to tell it. With a more careful structuring, the Gilmartin's history might have been compelling. As it is, it is no more interesting than looking at some stranger's family tree.



Robertson Davies

Stephen Amidon

## Sarah's ambition

**A PASSION FOR GOVERNMENT: THE LIFE OF SARAH, DUCHESS OF MARLBOROUGH**  
by Frances Harris  
Clarendon Press, Oxford £25, 421 pages

on primary sources, especially the Blenheim Papers, which went to the British Library as part settlement of death duties following the 10th Duke's death in 1972. Quotations from Sarah's correspondence with the Queen and love letters to the Duke give the narrative immediacy and poignancy.

Sarah emerges as a girl typical of her class: "pretty daughters of minor courtiers and gentry, whose families were prepared to risk their chastity

at the disreputable Restoration court in the hope of attracting better matches for them than they might otherwise have hoped for." Sarah was fortunate; sent to Court "extraneous young" at the age of 13, as a Maid of Honour, she fell in love with John Churchill, an ambitious soldier who remained devoted to her throughout their long married life together.

But it was her intimate relationship with Anne, which most benefited both Sarah and her husband. "It is already clear at this point [1687] how much the special relationship with Anne, on which Churchill's whole future career was to be built, owed to his wife's position," writes Harris. When finally Anne became Queen, the Marlboroughs, as they had become, were able to reap the rewards of their longstanding

friendship. But, in Sarah's case, not the political influence she so earnestly wanted.

The story is clearly not of our times; blatant patronage and nepotism are a phenomenon of the past. So too is the fragility of life which gave such importance to the need for sons and heirs. The constant obsession of women to produce children runs as a sub-theme throughout the book, profoundly affecting political and social events.

Sarah's life runs parallel to the history of early 18th century England. The author assumes at least a rudimentary awareness of current events. The general reader may find Harris's detailed narrative rather overwhelming. There is no historical outline in which to place Marlborough's many expeditions abroad. A map of Europe and a royal family tree might have given greater clarity to the text.

Victoria Schofield

## When the gilded youth went to war

**IT SEEMS** a pity that Sir Rupert Hart-Davis's *Memoir* of his life up to 1945 when he was 38 should not have been published a couple of years ago when we were commemorating the 50th anniversary of the outbreak of the second world war. This slim volume is just the book we needed then, a witty, wily account of how the life of one individual, a representative of the gilded youth of the 1920s, was abruptly and totally changed by the conflict. Yet the book will, surely, give much pleasure, both to those old enough to compare notes with the author, and to those of an age to wonder what ordinary life was like for their grandparents while Nazi Germany was being defeated.

Sir Rupert kept a journal intermittently and he has managed to retrieve all the letters he wrote to his second wife, Constance, when she was living in Maine in 1940 with their two children, Bridget and Duff, and he was sweating it out as a recruit to the Brigade of Guards

**THE POWER OF CHANCE: A MEMOIR**  
by Rupert Hart-Davis  
Sinclair-Stevenson £15.95, 198 pages

**OLD MEN REMEMBER**  
by William Douglas Home  
Collins & Brown £16.99, 192 pages

doing his basic training at the Depot at Caterham. He has re-cycled these entertaining letters (minus most of the endearments and references to the children) into this book.

It was as a staff captain, aged 35, at Headquarters in London, that part of his duties consisted in signing arrest-warrants for absentee soldiers. He noticed on one of them the name J. MacLaren-Ross, that of a

writer whose first published short story - "A Bit of A Smash in Madras" - he had read in *Horizon*. MacLaren-Ross, a lance-corporal in the infantry based at Southend, had been arrested when he was found in bed with his girlfriend in South London. Sir Rupert went to investigate. "I found Julian... and when I was left alone with him he rushed forward in a state of great excitement, thrusting a tiny bundle into my hands and saying 'Here are my manuscripts'. With some difficulty I forced them into my greasy pocket."

After Sir Rupert had written a letter to MacLaren-Ross's CO, the army psychiatrists decided this NCO should be discharged. His first book *The Stuff To Give The Troops* (Cape, 1944) was dedicated to his rescuer.

Before the war Sir Rupert left Oxford without a degree, worked

first as an actor at the Old Vic and then in publishing. The pre-war book world is described, involving characters like William Plomer, Daniel George and Jim Hamilton. He recalls his great friend Peter Fleming to whom, according to his account, he handed over a former girlfriend - Celia Johnson - whom Fleming married. Then Sir Rupert evokes his own short-lived first marriage to Peggy Ashcroft. These people are the main players in the crowded prelude to his army experience.

As a one-time actor Sir Rupert was put in charge of the concert at Sandhurst before the passing-out parade. "Hard to follow William Douglas-Home [sic]" he writes to his wife "who produced a splendid show for the whole company."

There is no account given in *Old Men Remember* of that show nor of

there much of significance about any of the other shows, *Non Barabbas*, *The Children Hundreds*, *The Reluctant Debutante*, *The Secretary Bird*, *The Kingfisher*, with which we associate this playwright.

Most of this book consists of anecdotes, many of them like shovels half-pennies worn thin by constant use. They concern members of the author's family including his parents, his brothers and sisters, including his more famous brother Alec, his children, and his wider circle of seemingly innumerable relations and friends. Brian Johnston gets a whole chapter to himself. It is admiring and affectionate but it includes a rather tasteless revelation of the fee he allegedly receives for making after-dinner speeches.

The only points - and they are the most interesting ones - where

the writer drops the genial manner and engages angrily with his material are when he is dealing with the domination of left-wing directors and dramatic critics over the theatre, and when he is recalling the episode in 1944 that led to his leaving the army.

As an officer taking part in the liberation of France he disobeyed the order to proceed to Le Havre because the German commander of that city had requested a day's reprieve to evacuate all civilians, and this had been refused. William Douglas Home was court-martialled, cashiered and sentenced to a year's imprisonment. This harsh punishment gave him the material for his first play. He has been over this ground before but this chapter puts it all very neatly including the latest development in his appeal to have the cashiering quashed. It raises questions which are no less relevant, and awkward to answer now, than they were then.

Anthony Curtis



## BOOKS/ARTS

## The dilemmas of a Booker judge

"YOU'RE NOT going to resign over giving the prize to Anita Brookner, are you?" That was what my fellow Booker Judge, John Fuller, said to me on that memorable evening in October 1984. It was around six o'clock, the dinner was due to start at 7.30. We still had to decide on the winner, change into black tie and have our private preliminary drink with Booker's chairman, Sir Michael Caine. We - viz. Richard Cobb (our chairman), Ted Rowlands MP, Polly Devlin, Fuller and myself - were incommunicado in the Booker Boardroom. We had been there for several hours. A gaggle of reporters was waiting outside for the white puff of smoke. Transport was standing by to take us to the Guildhall. Rarely do literary critics experience such a sense of power.

I had been holding out for David Lodge's *Small World* which I thought - still think - in a different league from the other five books on the short list. Rowlands was for *Empire of the Sun*. Fuller's *Parrot*, Anita Desai's *In Custody*, and according to Mark, the novel of a later winner Penelope Lively, were out of the running. Cobb, Fuller, and Devlin were now all solidly behind Brookner.

I had a choice before me - either to resign and dissociate myself from the final decision, or to rehearse yet again the merits of Lodge to the others, filibustering right up to dinner-time in the hope that hunger would win me sufficient comradery or to agree we should give the prize to *Hotel du Lac*. I chose the latter course and so did Rowlands.

It seems to me that if you become a judge of something so hazardous as the Booker, there does come a moment at the end of the day when you have to accept the majority verdict, provided you do not feel that you are giving the prize to a novel that is unworthy of it. Any of the books on our short list was in my view worthy of it. It was not that I did not think *Hotel du Lac* a

good novel, well worth reading. I just happened to think *Small World* a better one.

But what does the word *better* mean when you are dealing with novel by different writers with utterly different aims? The question reveals the inherent absurdity of such a Prize, which can only be justified as a publicity exercise for the art of the novel. The truth is that novels are not like athletes competing in a race where you can take out a stop-watch and

### Should one resign or not? asks Anthony Curtis

This year's Booker Prize shortlist:

**TIMES ARROW** by Martha Amis (Cape, £13.95)

**THE VAN** by Roddy Doyle (SECKER & WARBURG, £13.95)

**SUCH A LONG JOURNEY** by Rohinton Mistry (Faber, £13.95)

**THE REDUNDANCY OF COURAGE** by Timothy Mo (Chatto & Windus, £13.95)

**THE FARMISHED ROAD** by Ben Okri (Cape, £13.95)

**READING TROUBLE** (from TWO LIVES) by William Trevor (Viking, £13.95)

The winner will be chosen and announced on October 22.

measure who performs best. Hardy's *Tess of the d'Urbervilles*, Gissing's *New Grub Street* and Kipling's *The Light That Failed* were all published in 1891 and should all have been on the short-list had such a thing existed then. Which was "better"?

The case of Nicholas Mosley, one of this year's judges who has resigned four weeks before that last pre-dinner judging session, is an unusual one. Apparently he does not regard any of the six books short-listed as worthy of the prize.

Here again - in the composition of the Booker shortlist - there is a large element of cast-no-idea absurdity. The art of novel-writing flourishes to such an extent that it would be perfectly possible for the judges to compile two completely different short-lists, both equally valid, from the 150 or more novels submitted. In our year, for instance, we had to consider and reject novels by William Golding, Amis, and J. D. Salinger, Ian Jacobson, Caroline Blackwood, Alan Massie, Thomas Kenally, William Boyd, Angela Carter, André Brink, and several more out of which we could have easily made an alternative short list the width of no one would have batted an eyelid. Even at this preliminary juncture - when the judges have the invidious task of singling out the lucky six - each of the judges will have one or more personal favourites that he or she has reluctantly to surrender to the majority verdict. Ted Rowlands, I remember, was a solitary champion of Dirk Bogarde's *West of Sunset*.

Rowlands did not resign over Bogarde. Mosley has resigned over the omission of Alan Massie's *The Seas of the Father*. In giving his reason in the press he has sought to occupy high moral ground for this novel and for novel-writing. His argument is that besides the seriousness of Massie's novel - it concerns the implications of the Holocaust for us all - the ones chosen by his fellow-judges do little more than "remark on human quaintness". Time may vindicate him. Massie's novel may still be read and pondered when those up for this year's prize are forgotten. But even if that were so, Mosley's principle is a dangerous one when one figure, dwarfish and ugly, which pre-occupied him most - his own.

Montmartre was not Lautrec's natural world. It killed him, alcoholic, syphilitic and exhausted, at the age of 38. He came from a far different world, a place where he might have fitted happily into either the rural landscape and traditional social order. Why did he exchange it for a turbulent and self-destructive life? Travel south from Paris across the Massif Central, to the sunny valleys of Languedoc, and still today you can find traces of the fateful twists of his early life.

The stone turrets and slate roofs of the Château du Bos, one of numerous family homes in which Lautrec grew up, overlook hilly country about half an hour's drive from the pink, brick-built town of Albi. Even a short stroll about leaves no doubt that this is a countryside in which the Toulouse-Lautrecs had their appointed place.

The diminutive, elderly woman who opens the gates to visitors here, Nicole Tapie de Célestan, is not a terribly close relative of the painter's - her great-great-grandmother, Louise, was Lautrec's maternal grandmother, her grandfather, mother; her grandfather,

ALMOST ALL of France's celebrated painters, it seems, are attached to a landscape, to a geography they have made their own. The angular bulk of Mont St. Victoire became part of Cézanne's personality, as did Giverny for Monet, or the streets of Montmartre for Utrillo. If the Impressionists painted the Seine at Argenteuil and Van Gogh adopted the olive groves of Provence, it is because artists are no different from other people: they respond to the need to belong, to make themselves part of the world that surrounds them.

What, then, of one of France's most perceptive artists, an extraordinary figure who rejected an attachment to physical surroundings for the exploration of the further limits of human geography? Henri de Toulouse-Lautrec was not a painter of the landscapes and life to which he was born. Instead, he was a painter of the most cherished objects in the chateau - a framed genealogical chart. At the top is the name of Baudouin, son of Raymond V, Count of Toulouse, who in 1196 married Alise de Lautrec. At the bottom, born in 1864, is the last member of the house of the Counts of Toulouse, Henri de Toulouse-Lautrec.

Tapie de Célestan will tell you, is a great deal of blue blood. The Counts of Toulouse were always the noblest among noble families. Present at the crowning of Charlemagne, they long held independent rule over much of southern France. Their prowess as decisive leaders and enthusiastic warriors was the stuff of which troubadours made poetry. In later centuries, after subjugation by the kings of France, they turned their considerable energies to more pacific pursuits - hunting, horsemanship, falconry, and the safeguarding of the purity of the family blood.

Long centuries of such life have wrought different influences on different family members. Madame Tapie de Célestan, for example, is an ardent royalist. As she describes

## Lautrec's lineage

Before next month's Hayward Gallery exhibition, Nicholas Woodsworth goes back to Henri's roots

Raoul, was one of 14 of Lautrec's cousins, and spent childhood summers with him. But sit with this proud, energetic woman for half an hour and you will see that tracing the complex family history of recent generations is child's play for her - this is a clan that has jealously watched over its aristocratic lineage in Languedoc for more than 800 years.

Madame Tapie de Célestan will lead you past hanging tapestries, vast fireplaces and softly gleaming wood to one of the most cherished objects in the chateau - a framed genealogical chart. At the top is the name of Baudouin, son of Raymond V, Count of Toulouse, who in 1196 married Alise de Lautrec. At the bottom, born in 1864, is the last member of the house of the Counts of Toulouse, Henri de Toulouse-Lautrec.

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Lautrec's childhood at the chateau, her constantly gesturing arm displays a fleur-de-lis-decorated wrist-watch that reads "Dieu et Mon Roi". It may be a long shot, but she is dedicated to putting a Bourbon king back on a French throne. The pages of history, she firmly maintains, can and should be turned back.

A harkening back to a glorious, more noble past seems to have been in the make-up of all the family members. In Count Alphonse Toulouse-Lautrec, Henri's father, it was so marked that it appeared as wild eccentricity. What can one say of a man who took morning rides through the Bois de Boulogne in the dress of a Cossack horseman, stopping only to milk his mare and enjoy breakfast before the eyes of astonished Parisians?

Alphonse, passionate about hunting and the sporting life, carried medieval fantasy to new and unimagined heights. At home in quiet, conservative Albi, he strolled through town with a falcon on his wrist. Sometimes he would pick a huge tent on the square in front of the cathedral there, saying he preferred it to his elegant townhouse only a stone's-throw away. And when he was in his home, he sometimes barricaded himself in the tall tower overlooking Albi's ramparts, "to be closer to the birds", and had meals swung up on a pulley. Alphonse was never happier than when dressing up as a Kirghiz chief, a Canadian trapper, or a killed Scots Highlander.

Unconventional as it might have been, Lautrec moved in this atmosphere as to the manner born. He rode with his father, sketched scenes of warriors, horses and the hunt with his uncle Charles, played with his cousins at Bosc, and moved from one family home to another as his father followed his whims and his hunting dogs. He had inherited wealth, social elevation, and the rural pursuits of a proud, if somewhat peculiar, noble line. He might have settled into a life of happy obscurity in the countryside had it not been for one further, devastating inheritance.

One of the most touching curiosities Madame Tapie de Célestan shows her visitors is an upstairs wall on which the height of various family members was regularly measured and pencilled as they grew up. Henri's is the most notable. Until the age of 14, the record is quite normal; after that, the marks grow closer and closer, and finally stop altogether at a little under five feet.

Lautrec was almost certainly a victim of pyknodysostosis, a disease resulting in dwarfism and often associated with family in-breeding. Such a practice had been common among the Toulouse-Lautrecs for centuries. Lautrec's grandmothers were sisters, his parents were first cousins; his paternal uncle married his maternal aunt, producing a number of birth-defective children.

From adolescence onwards, Lautrec was to pay a heavy price for the purity of his bloodline. After two accidents in his mid-teens, the result of decalcified bones, his legs



The eccentric Papa Lautrec in one of his favourite costumes

ceased to grow. Other symptoms of the disease developed - thick, protuberant lips, a receding chin, enlarged nostrils, and an oversized tongue that made Lautrec lip and salivate heavily.

A future that had seemed solid and assured vanished. Henri was not proud and handsome like his fathers and uncles, could not ride and hunt like them, or grace a table with the dignified Toulouse-Lautrec bearing. For those seeing him for the first time, he was a bizarre object of curiosity. For those more intimately involved, he became to all but his mother a disappointment and a misfit. In the insular world of a traditional country aristocracy, such a figure stood little chance of making much sense of his life.

Did Henri de Toulouse-Lautrec stand a greater chance anywhere else? It would not, on the face of it, seem likely, and his decision to pursue an artistic career under the lurid gaze of bordellos and music hall patrons was courageous. His existence in Montmartre was painful and unhappy, his productive life an unending search for some sort of inner truth beyond the instability, indignity and deformation of the outer world. That Lautrec lost his way in the familiar terrain of rural Languedoc was his personal tragedy. The determination to find it, to make himself part of the world again in a night-time landscape far away, was his making as an artist.

never likely to be just another example of that tired genre; he will be a hugely distinctive and, one suspects, influential figure in contemporary music over the next 50 years.

For sheer, unshamed exuberance and high-intensity physical attack Louis Andriessen's *De Staat* deserves full marks and a brief, excited welcome: it represents European minimalism at its liveliest and most abrasively attractive. Though the 35-minute piece comes complete with an array of political baggage, with choral settings of sections of Plato's *Republic* embedded in the score, it operates most convincingly on a basic physical level. There is a good deal of Stravinsky's *Rite* in the rhythmic attacks and wind chording, elements of big-band jazz and bebop too. Most of all there is the sheer delight in the sound world and the noise it can muster. Played at full volume it can do wonders for the spirits.

while Ruder's idea of concerto soloists as protagonists in a human drama suggested in the early work might also be traced back to the same source. Ruder's, though, hard to categorise. The First Violin Concerto's neo-baroque figurations might suggest affiliations with Arvo Pärt's two-violin *Tabula Rasa*, and to British ears links with Tippett's *Corallia Fantasia*, but the Clarinet and Cello Concertos inhabit a much freer post-modernist world with links to late-romanticism and with emotional pressures of expressionist intensity. It may well be that Ruder's will metamorphose eventually into a Scandinavian symphonist - his first symphony was one of the hits of the 1990 Proms - but he is

Andrew Clements

## Jewish investment in a prince's pleasure

EDWARD VII, condemned before his accession to a regime of stifling idleness, and insulated by his parents from what they considered noxious influences, was nonetheless endowed with a resilience and joie de vivre that nullified their anxious improving efforts. Depressed by any useful role in his mother's government, or even much information about its functioning, he strenuously pursued pleasures, home and abroad, in town or in the country, all a distinct strain on his income, of which nearly half had to be voted by a Parliament sceptical both of his prudence and usefulness.

Edward sought solace in a circle of new friends, many of them Jewish, who included members of the Rothschild family, the Sassons, and fabulously wealthy individual entrepreneurs such as Baron Maurice de Hirsch and Sir Ernest Cassel, known to him as "Windsor Cassel", both of whom functioned discreetly and loyally as personal investment advisers to the Prince and later King. These royal friends often began casually at home parties or race meetings, and ripened with the gift of lavish hospitality: a Prince bored with rigid Court protocol relished dining out in private houses, particularly those furnished with elegant hostesses and the most exquisite cuisine.

Cosmopolitan and quick-witted, Edward's Jewish friends and their wives were knowledgeable about international politics and markets, the Turf, even exotic garden plants, and Edward unabashedly enjoyed eating, gambling, sailing, shooting and fishing in their company. The Jewish magnates were, moreover, exceedingly generous, not merely to the Prince, who barely made ends meet on his £100,000 per year, but to his favourite charities.

The ascent of these Court Jews was rapid but not invariably smooth: members of the aristocracy and others observed their rise with resentment and envy, expressed in a fashionable salon anti-Semitism that was never uttered in Edward's presence but had its resonance in certain drawing rooms. The author of this study also per-

EDWARD VII AND HIS JEWISH COURT by Anthony Allfrey Weidenfeld & Nicolson £19.99, 321 pages



Sir Ernest Cassel, nicknamed "Windsor Cassel"

mits himself an occasional sneer: one of the Sassons, a "dusky nabob, studded with outside pearls", is depicted as "insinuating his way to the card tables in the Marlborough Club and to the notice of the Prince"; all three Sassons "sifted casually and imperceptibly into royal favour" the overwhelmingly luxurious houses, tables and entertainments are described with faint distaste.

But Anthony Allfrey is more frequently laudatory, commenting on the bold astuteness of Hirsch and Cassel's business ventures, the genuine mutual affection that bound them to Edward VII, and their high ethical standards: of them, the

Rothschilds and other Jews in the King's circle he writes "they never abused the power of their deep pockets. There was no breath of scandal or hint of sharp practice. This set them apart." That these were no ordinary men, and their friendship with the King was genuinely felt on both sides, emerges from a wealth of detail, some of it quarried from the Royal Archives and the surviving Cassel papers.

There are however significant gaps: the special account that Cassel kept of the King's investments "has perished", as apparently have many of the papers recording Cassel's own vast enterprises, ranging from Egyptian banking to agricultural schemes to Balkan railways. We are afforded one tantalising glimpse of Edward's own trading: writing to Cassel on June 1, 1902, the King says, "You will doubtless have heard that Peace is signed. 'Consols' are sure to go up tomorrow. Could you invest for me?" The King adds disarmingly "It is to be hoped that the Chancellor of the Exchequer may announce on Wednesday not to put the extra pence on the income tax." Having been informed of the Chancellor's Budget proposals at least 24 hours before these were announced to the public, there is much more we should like to know about Edward VII's investments and their management, not to what extent, if at all, Cassel made loans or gifts of money to his sovereign, or reimbursed his investment losses.

Despite helpful genealogical tables sorting out Rothschilds, Bischoffshelm and Goldschmidts, and the Cassels, who included Edwina, Countess Mountbatten, readers unfamiliar with the enmeshed complexities of Edwardian society are likely to go astray amid the thick impact of Allfrey's narrative. Moreover, his evident inability to forego even one backstairs detail or name-dropping anecdote, however immaterial to his main story - an excursion on Penryn in the middle of a discussion on Chinese loans, another on the fate of General Boulanger's horse Tuntis - becomes at last wearisome.

Despite its occasional tone of servants' hall gossip, Allfrey's book is worth reading, shedding light on significant relationships in the life of Edward VII that have been minimised or neglected by biographers and historians reluctant for a variety of reasons to acknowledge the unprecedented prominence of Jews at the pinnacle of Edwardian society.

A.J. Sherman



Henri's sketch of his father and uncles returning home

## Records Journeys and odysseys

Maw: *Odyssey*. City of Birmingham Symphony/Rattle. EMI Classics CDS 764277-2 (two CDs)

Matthews: *The Great Journey*, *Fuga*, *Night's Mask*. Wilson-Johnson, Kwella, Nash Ensemble/Friend. Virgin Classics VC 791422-2

Ruders: Violin Concerto No. 1. Concerto for Clarinet and Twin-Orchestra, Polydrama for Cello and Orchestra. Hirsch, Thomsen, Zenithen, Odense Symphony/Veto. Unicorn-Kanchana DKK 814

"Taxi" De Staat Schoenberg Ensemble/De Leeuw. Elektra-Nonesuch 7559-7252-1

of Maxwell Davies's theatre pieces and chamber operas. But Matthews's methods are quieter and less flamboyant. *The Great Journey* works from the outside in as it were, as this trip through an unimagined alien land becomes a voyage of self-discovery, and the brutal repressor who set out from Spain returns misunderstood to a traitor's welcome and imprisonment.

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The performance by David Wilson-Johnson as the narrator, is a mastery one, by turns impassioned and phlegmatic, and the instrumental details are etched with great eloquence by the Nash Ensemble. The remainder of the disc - *Fuga*, an instrumental version of part 3 of *The Great Journey* which serves as a reminder that Matthews is a master of the contemporary music, the ability to write fast music, and the exquisite setting of Pessoa's sonnet *Night's Mask* - makes this the most valuable survey on record so far of Matthews's music.

The three concertos by Paul Ruders brought together by Unicorn-Kanchana at last give British listeners an introduction to one of the most distinctive voices of younger European music and the most considerable Danish composer since Nielsen. There are in fact echoes of Ruders's forebear in at least one of the concertos here: the irascible clarinet in the 1985 work with "twin-orchestra" recalls Nielsen's own solo writing for the instrument,

never likely to be just another example of that tired genre; he will be a hugely distinctive and, one suspects, influential figure in contemporary music over the next 50 years.

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Andrew Clements

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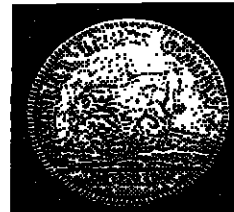
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I DON'T think I've ever gained so much pleasure and excitement from a sporting event as when I witnessed a world championship boxing match in Las Vegas last year. I had gone to Vegas to write an article about Don King, the fight business's most successful promoter. King is quite useful with his hands himself, and once killed a man without the aid of any other weapon, but I chose not to ask him about this. Perhaps in return for this uncharacteristic tact on my part, King gave me a ticket for the big fight. I took it, without much intention of going to my first boxing match, but as the only alternative entertainment was the possibility

# Spine-chilling, brain-numbing thrill

Dominic Lawson weighs the exhilaration of boxing against the damage of the blows

of losing money on the tables. I turned up, feeling rather ashamed. The first thing one appreciates as a spectator at a boxing match, rather than merely as a television watcher, is the sheer percussive weight of the blows. That is thrilling, in a spine-chilling way. The fight went the distance, the challenger being knocked out an instant before the final bell. Several seconds after that I found that, like everyone around me, I was standing and cheering. It was the cheering which the individual is uncon-

scious, a release of the animal or the child in us, and therefore a pleasure of a particularly pure kind. I cannot remember the name of the challenger, and, at the time, probably neither could he. But I do wonder how I would have felt if that final percussive blow had been merely decisive but fatal. What shame would I have felt, if any? Interesting then to read again the reports of the match between Chris Eubank and the stricken Michael Watson, last Sunday's papers. Most of the correspondents filed

and their papers printed, before it was clear that Watson was suffering more than concussion. Hugh Mulvaney in the *Observer* praised "the standards of technique, excitement and intensity" of the bout, pronouncing it "great". And he was quite right. The *Sunday Times* man, Harry Mullin, wrote of a "magnificent fight, one which overflowed with the kind of passion and commitment so conspicuously absent from their last encounter". Again, all true. It is precisely this sort of fight which thrills us, which

most enlarges the boxer. I recall one boxing writer who had the honesty to recall that his first reaction when seeing the blow which killed the Welsh fighter Johnny Owen, was to cry out "what a punch! what a . . . big punch!" But, objectively, one should not feel more guilty for having witnessed a fight in which someone is knocked out. In the main the damage to boxers' brains is not the result of one blow, but of years of constant punishment. Witness the pathetic shell of Muhammad Ali,

who was never knocked out, but is as clear a case as you will see of punch-drunkness. The greatest fighters of all, Ali, Sugar Ray Robinson and Joe Louis, ended up shambling, numbing wrecks. I am therefore tolerant of those who say that boxing should be banned, although I also think they are intolerant and illiberal. But I am intolerant of those who, as Watson's life has testified against the ropes of oblivion, have wanted their spleen on the presentation of boxing rather than the thing itself. One such is Sir

Bernard Ingham, now an all-purpose lack on the *Daily Express*, who fulminated that "we should end the disgraceful pre-fight hype which disfigures the sport. Those pathetic nose-to-nose first-to-blank preliminaries must be stopped". What possible harm is caused by these fun and games? "I'll molder da bum" is almost as old as boxing. Why should this be deemed worse than the real damage the fighters do to each other? I sense here an atavistic puritanism which deplores not boxing, but the fact that it is a glibly commercial business: just as the original Puritans abhorred bear-baiting, not because of the distress caused to the bears, but because the spectators took pleasure in it. *Dominic Lawson is editor of The Spectator.*

All to Watson - Page XI

## Private View

# An angry young conservative of the Left

**T**HIRTEEN years ago James Callaghan, Labour's last Prime Minister, sang "Waiting at the Church" to the trades union congress in Brighton, teasing the delegates about whether he would go to the country that autumn or the following spring. Against all expectations and in spite of union leaders' private warnings that they could not hold the line for wage controls any longer, Callaghan plumped for the spring. The winter of discontent forecast by union bosses duly materialised and in the spring Margaret Thatcher reaped her harvest, the first of three general election victories.

With an election again in the wind, the Conservative propaganda machine has used the weeks running up to Labour's 1991 party conference, which opens tomorrow to crank out images of that distant, strike-ridden winter. And trade union bogeymen have been exhumed to frighten the children of Thatcherism.

Conservative Central Office has reserved a leading role in its horror movie for Rodney Bickerstaffe, the 46-year-old general secretary of the public service workers' union NUPES, veteran of the winter of discontent, and current president of the TUC.

However, just as film stars always turn out to be a foot shorter than you imagined them, so bogeymen, seen up close, can fail to live up to the picture created by the political caricaturists.

To be sure, Bickerstaffe refuses to disown the ideals on which the labour movement was founded, yet he is a thoroughly modern trade union officer and highly regarded by colleagues. He refuses to follow fashion in clothes, too, yet is always smartly turned out. He is a left-winger, but not so rigidly doctrinal that he feels obliged to shake his fists from the sidelines in condemnation of the party's rapid rightwards drift.

On the speaker's rostrum Bickerstaffe employs a combination of ranting and mockery learned from his predecessor Alan Fisher at the NUPES school of rhetoric. (When your message is an indictment of poverty, your language cannot be very subtle.) In private he is still loquacious, but the mockery gives way to a gentler humour. The passion that Bickerstaffe injects into his public speeches about the low-paid may sound stylised, yet it is there in his private conversation too. His anger may be thought immoderate, but it is real. Behind the tough Yorkshire manner there is an affectionate, even sentimental, man.

Because his union members are so badly paid Bickerstaffe chooses not to live in the style to which some general secretaries have become accustomed. If he goes abroad on holiday, it is on a coach trip. He gets paid £36,000 a year, but (well-founded rumour has it) gives a lot of that away. He devotes part of his scarce free time to campaigning for Britain's least popular minority, the gypsies.

By coincidence, Bickerstaffe's

deputy, Tom Sawyer, is this year's chairman of the Labour Party. So I asked the obvious question. Would a Labour Government do the unions' bidding?

Bickerstaffe denied there would be an explosive release of pent-up expectations if Labour were elected, leading to hyperinflation and huge public expenditure, even though over the last 12 years the rich had got richer and the poor poorer. "What we do expect is a stop to the pain. Things must not get worse. That's what we're asking of the Labour Party in government. And that's their only promise: we'll try not to make things worse."

The relationship between unions and party was not set in constitutional concrete, he said. It had changed from decade to decade, even year to year. Today it was an open question how much, and how quickly, TUC aspirations would be met by a Labour government.

As president of the European

**Christian Tyler asks union leader Rodney Bickerstaffe what a Labour government would mean**

public service workers unions, Bickerstaffe is often in Brussels. He hopes to secure from the EC benefits for organised labour that the British Labour Party was afraid to give.

"That suggests the Labour party is afraid of doing something because of this alleged public perception of it kow-towing to the trade unions. I don't think they are."

Bickerstaffe was a national officer of NUPES during that politically disastrous winter of 1978-9. I asked him if the memory bothered him.

"No. We can't run away and I don't run away from that period. What we were trying to do then on behalf of our membership was to stop the pain in terms of poverty pay. The Tory Party talks pompously about the unemployed dead. The fact that they don't care about the living and dying doesn't seem to matter."

"On November 10, John Major will be down there at the Cenotaph, quite properly, honouring the dead as we all do. But as I've said often enough, it's no good honouring the dead one day of the year and dishonouring the living for the rest of the 365 days."

The experience of 1979 showed that the unions and the Labour Party weren't in one another's pockets. The Tory Party talks pompously about the unemployed dead. The fact that they don't care about the living and dying doesn't seem to matter.

What kind of leftwinger are you? I asked him.

"We could get into a headscratching debate about that but as far as our people are concerned, I try to project what they think. People challenge me: are you ultra-left, are you hard left? I say I'm sensible left. What I want is achievable; it can be done."

"Some people say that like the rest of the movement I have been dragged to the right, compared with markers such as Arthur Scargill, Tony Benn, Dennis Skinner. But I have done that very, very slowly. I'm a small 'c' conservative. I don't leap to change things for the sake of it."

The Labour Party had been dropping some of the old baggage, he said, and was derided by opponents for its champagne socialism.

"What I'm concerned about is that some of the old stuff must stay. And that old stuff for me is the compassion, the drive, the anger that here we have one of the 20 richest nations on earth and millions of our people are getting exploited. There has got to be heart, soul, vision, whatever the early pioneers of the movement had. I'm anxious that we re-write it in every generation."

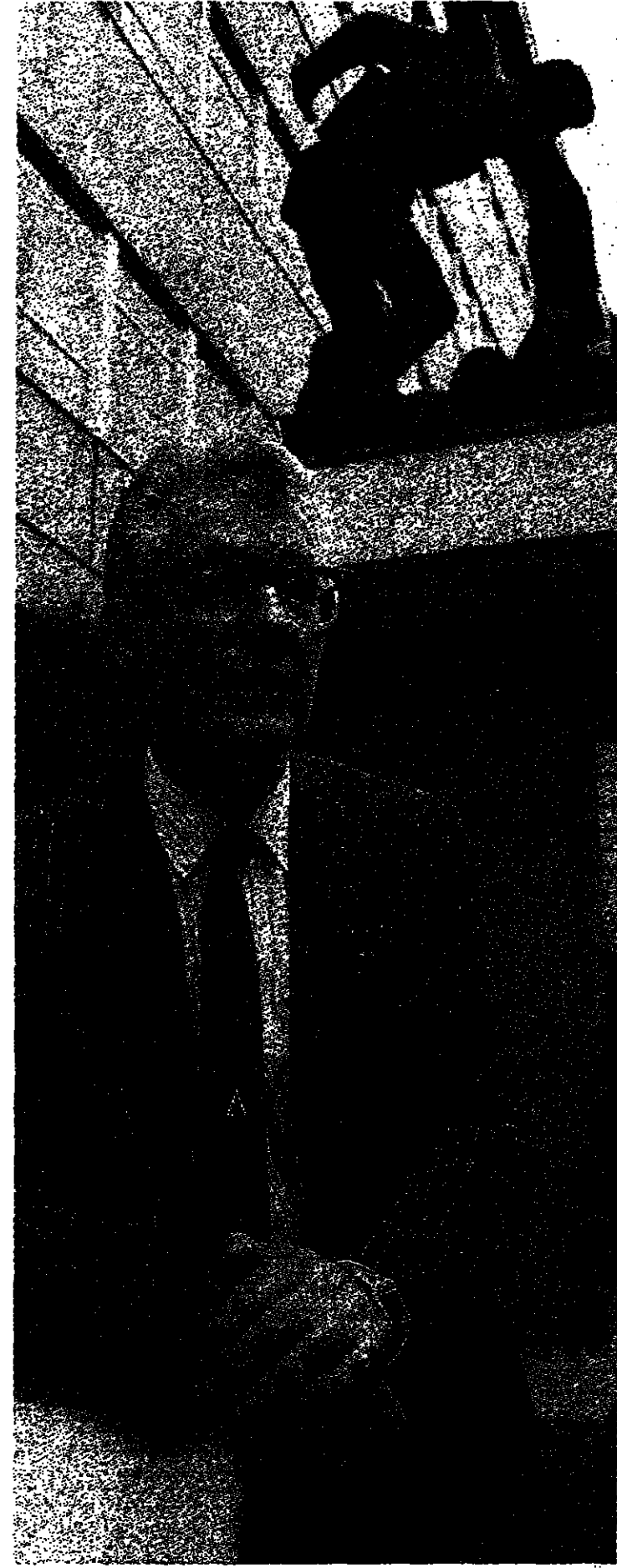
"People should not lose the anger of their youth. What's the old saying? If you're not a socialist at 21 you haven't got a heart; if you're not a conservative at 31 you haven't got a head. The idea is that you progress and you forget it all. . . . That shouldn't be true either personally or collectively."

I asked Bickerstaffe whether this anger had anything to do with the poverty of his own background. Born in Doncaster, he never knew his father and was brought up by his mother (whose name he took) in her parents' house. She was a union activist and has been a member of NUPES for 15 years. His stepfather was a school caretaker. His mother's father was a shop steward and chaired meetings of the National Unemployed Workers' Movement; his mother died in the workhouse.

At nine years old, young Rodney was photographed with a NUPES banner and early on he decided he would become either a politician or a trade union official. He did well at school, getting eight O levels and three A levels (History, English and geography) which took him to Rutherford College, now Newcastle Polytechnic, to get a second in sociology. He joined the Labour Party. Unlike many union leftwingers, Bickerstaffe was never in the Communist Party.

The answer to my question was No. "I had a great childhood. I can't say we weren't ever so poor. We were." He added that family life was not a matter of being left wing or right wing. "But it was certainly an influence. We had a tremendous working class library and I still have about 114 of the Left Book Club books; they belonged to my grandfather. Of course the house is pulled down now, as a shame."

Where does this anger come from? "It's not being from poor myself. It's knowing poor people." His



Lyns de der Bover

greatest dislike, he said, is hypocrisy: "people being able to see disadvantage and having the power to do something, then not doing it. Conversely, his admiration is greatest for those who try and ameliorate things even if they have little power or influence."

When Bickerstaffe encounters the well paid - a government minister, or a journalist, for that matter - he sees also the man or woman who has to clean up after him: the road sweeper, the lavatory cleaner, the hospital nurse, the gravedigger. It is an uncomfortable scrutiny for the comfortably off.

People might say you were a bit puritanical, I suggested.

"Clive Jenkins once said I was a hair-shirt socialist. Not true. That gives the impression of some long-haired hermit in the desert."

But you like to poke fun at people who indulge themselves? "No, I don't think I do. On the earning front, what people do with their money is up to them. What I don't like is people who make it and then tread down on those who haven't made it. I don't mind people who go off and eat their quail eggs."

Have you ever eaten quail eggs? Bickerstaffe laughed uproariously in anticipation of his answer: "What do they look like?"

# Scargill's father: a logophile hero

Nigel Spivey

**ONE HEARS** very little of Arthur Scargill nowadays. The time was when we all knew him intimately: just how many quail's eggs he had for breakfast, the size of his mortgage, etc. From that era (c. 1982) I have preserved one item of Scargilliana which transcended the bubble-babble of tabloid canards. This was the admission, or boast, to the *Sunday Times*, that Mr Scargill Senior did not let a day go by in which he failed to read a dictionary.

Whether King Arthur was enlightened about the coal mines I never knew. But I feel a deep sense of fellowship with his father, a sense of fellowship heightened by recent experience.

A former college acquaintance, getting restless as a schoolteacher, wrote to me about a new scheme he had for setting up a consultancy business. He proposed to offer an advisory service on effective communications. In times of recession, he argued, only companies survived which had the edge in communication. He had devised a method of judging

efficiency by a combination of computer programmes and psychoanalysis, and wanted to know if I would act as a guinea pig. Though sceptical of Brian's latest wheeze, I obediently bundled up a selection of past journalistic writings and sent them off to be tried by this new analysis. The results came back yesterday, and those results are why I have been thinking fondly of Arthur Scargill's father.

Basically, Brian tells me - basically, his analysis has flagged up some substantive problems in the communication area. It was at this stage only a ballpark assessment, at grass-roots level to boot, but we were basically talking a very small word-use problem. A significant number of words and phrases that I used were either beyond the spell-check range, or else had long since passed their shelf-life. Among my solid words, Brian listed proselytise, sobriquet, hagiography, eponymous and solipsistic: words, he said, which had no built-in reader friendliness, and failed even to convey any easy ideas. Then he focused upon a couple of metaphors which showed that I had an Attitude problem.

"You describe someone running about like an organ-grinder's monkey. Be honest: when did you last see an organ-grinder, let alone his monkey?"

There was more of this: but you get the gist. On one or two points, I had to concede some justification to Brian, especially regarding the monkey (although if you ever have seen an organ-grinder's monkey, you will know how perfectly that image fits a psychopathic person); however, I was bound to refute his conclusion that my communication skills rated somewhere near zero. Flippantly, I scribbled the following note:

"Dear Brian, I will take a rain-check on that consultancy course, or possibly even put it on the back-burner. It will be a no-win situation and worst-case scenario for yours truly, with all those goalposts shifting so rapidly on the

bottom line. It is a street down which I do not wish to be up and running. As ever, Nigel."

That should shut him up. But what is one to do, in a world where the dictionary is despised and rejected of men?

Enterprises such as Brian's are spawn of the desktop publishing age. We are continually reminded of the need for smart presentation, neat copy and tidy files. The activity of word-processing is a compulsively practised wherever you go. But there are no signs whatsoever that people, generally, are becoming more deft in their handling of words; indeed, what strikes one most of all is the increasing poverty of expression within this copiousness. There is a mass of word-processing, but virtually none of what the Russians call "word weaving" (словоплетение). Try to think of any modern comedy that depends for its merriment upon verbal wit, like *Love's Labour's Lost*: the answer is that there is none, because you can no longer depend upon an audience with the knowledge of etymology and associations that would make such comedy possible.

This sounds more apocalyptic than it is intended: *Love's Labour's Lost* has never been one of Shakespeare's most-loved productions. Nor do I advocate the installation of Latin in the National Curriculum, although there is no doubt that what is commonly considered to be model English prose can only be written by someone familiar with Latin. No: all I would plead for is a revival of philology, or logophilia: a little love and care for words, and concern for meaning.

You do not need Latin to know the force of calling someone a "back", but I think you ought to know that you are using an abbreviated form of rhyming slang as used in the trenches of the Great War, and therefore the proper force of calling someone a Berkeley Hunt. What rankles with a logophile is not the existence of clichés: after all, they come and go (I think in the pipeline has flowed away), and they are useful when one is feeling tired or lazy.

It is rather the way in which clichés are used in documents, broadcasts, boardroom speeches - situations where their users ought to know better. There is no excuse for management consultants or Members of Parliament using the breathless Neanderthal slogans of the post-match changing room.

And Brian's new enterprise deserves to collapse immediately. But, of course, that is not how it goes. In a democracy, the mass-communicators get ahead. Brian will make millions, while the best I can do is write little letters of protest every time I see complement instead of complement. Caring for words has few but its own rewards, as Dr Johnson knew.

If old Mr Scargill is still alive and paying his daily devotions to the dictionary, I salute him. Stout recusant in the ballpark of mindless usage, we dictionary-readers must stick together.

# Tea and biscuits on top of the Eiger

**S**NOWFALL ON canvas. I had heard this sound long ago, and now again as I awoke slowly to the daunting reality that I was one of three sandwiched in a two-man tent, perched precariously on the summit of the Eiger.

Eight of us were camped on a ridge about four feet wide with sheer drop on one side and a snow cornice rising like a wave behind us. We were wrapped in impenetrable cloud. "Could be here a while," said a companion. How long that while might last, we did not know.

The helicopter which was due to lift us off could only fly if it was clear. Thoughts turned to the fearsome mythology of this mountain renowned as the most dangerous in the Alps. It is called the "killer mountain" with reason.

The Eiger's history of deaths made the events of the previous day all the more remarkable. Last Saturday no fewer than 43 climbers, able and disabled, young and old, black, white and yellow - converged on the minuscule summit from the four points of the compass, all in the name of charity. Huddled in an unstable human mass, the

cautious clipped safety harnesses securely to a rope; others, less cautious, or less aware, did not. A single slip would have resulted in certain death. But all, except an enthusiastic few who preferred to climb down, were lifted to safety next day. A veteran Alpinist said: "The Eiger's never seen anything like it."

**Rebecca Stephens climbed 'killer mountain' with 42 others of all races and ages**

The ascent was the culmination of three years work by one of Britain's more visionary climbers, 47-year-old Edwin Drummond, a writer and poet. In Drummond's words, it was a "social climb of conscience" intended to benefit the environment, human rights and the Third World. This four-sided ascent of the Eiger was the most ambitious of wide range of projects organised by Drummond's group, "Climb for the World."

Over the same weekend some 50,000 participants walked, climbed and scrambled up more modest

peaks in the British Isles to raise money donated, via the UK United Nations Association, to projects in the developing world.

But in Switzerland that weekend our minds were concentrated on safety first. The Eiger is loose at the best of times, but the weather recently had been warm and the mountain a pile of rubble. Already,

rocks tumbled on those below. Day one took us across an icefield and over a mass of crumbling grey rock to half-way camp pitched on a tiny ledge of levelled scree. In mountaineering the limited tent space invariably means one is sardined nose to toe with a bunch of complete strangers. I smiled up with a doctor, and John Dove, the blind man.

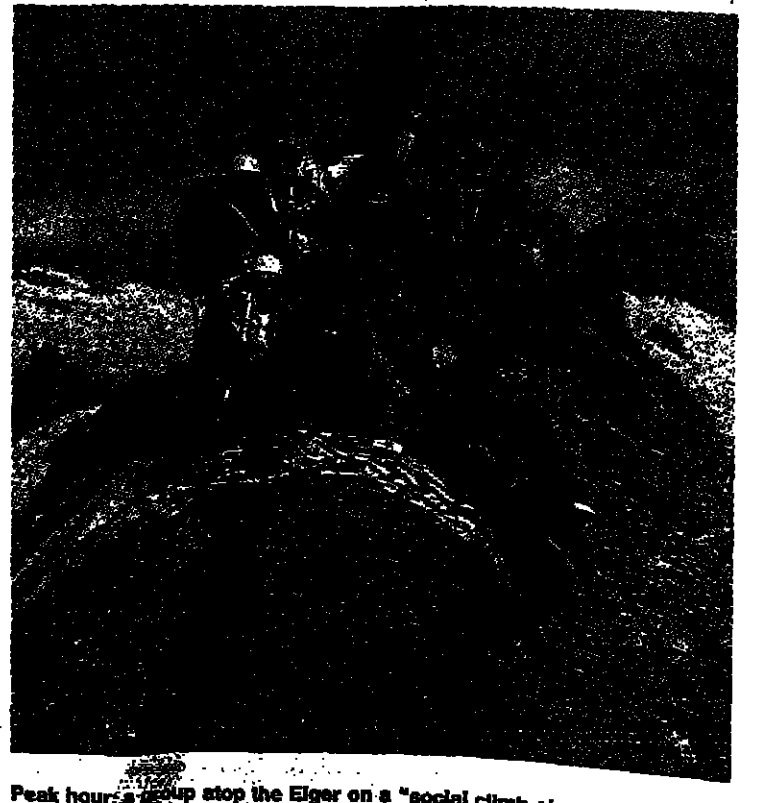
"How on earth do you manage?" I asked. "I train in the gym," he said. "No, how do you see? How do you know where you're going?" It seemed it was a matter of remembering where his hands had been to know where to place his feet. "I know a slip could be serious," he said, "but I just put it to the back of my mind." John was tidier, more able to manage in the confined space of a tent than anyone I knew. He soared sweetly that night, while I didn't sleep a wink, disturbed by the incessant wind. It took just four hours the second day, a rewarding four hours along the crest of the North Face to the summit. The view was beyond comparison, over the knife-edge summit to empty glacial valleys of the purest white. We scraped ice from the

summit crest and put on a brew in the tent pitched on the ledge was our home for the night. Tea all round and chocolate - first for our western flank team, then Doug Scott - one of the first two British mountaineers to climb Everest, who today acted as guide for a small Tibetan boy on the Eiger's Mittellegi Ridge. Then for the Russians and the Czechs who took the long approach from the south. Within an hour the summit was packed; and then almost empty, as the last helicopter ferried all but nine of the climbers home.

Those of us who stayed, took a risk camping on the summit that night. The weather report was only fair, but the temptation of a long evening on a clear and beautiful Alpine peak was irresistible. Morning came and our worst fears were realised. The weather had turned.

We were lucky, though. That afternoon, the cloud blew away just long enough for a helicopter to fly in and take us home. But the weather progressively worsened. Two eager young Dutchmen had set off for the North Face that morning, and would spend the night on the bitter, exposed face.

Two eager young Dutchmen had set off for the North Face that morning, and would spend the night on the bitter, exposed face.



Peak hour: a group stop atop the Eiger on a "social climb of conscience"